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## UNCERTAINTIES ON PURCHASE OF MORE F-16 JETS

Brussels LE SOIR in French 2 Jun 82 p 7

[Article by Pierre Barry: "The Explosive Case of the F-16 Plane: a Decision To Be Made in July"]

[Text] The case of the F-16 fighter planes, an explosive case if ever there was one since the stand taken by FLAG [Flemish Aerospace Group], will have to resurface at the latest before the end of July.

The qualities of this plane, of which the Israelis have just ordered 75 additional units for a total order of \$2.5 billion, are not in question at all.

In the center of the controversy, a double question: should we proceed immediately with the replacement of our Mirage-5 and, in that case, is the F-16 the only candidate?

The answer to both of these questions would have been positive if it had not been for the FLAG offensive, which demanded a level of compensation for Flanders which cannot be granted for the simple reason that there is no real aeronautic industry in that part of the country. As in the hypothesis of an order for a second set of F-16s, one would have to deal with the aeronautic enterprises already involved in the program, FLAG has taken a stand against this solution by letting it be known that it would then be more valuable to negotiate with the French for the purchase of more Mirages. Preliminary subcontracting agreements have even been concluded between Dassault and certain Flemish companies for the possible granting of compensatory orders.

It is rather striking to note that at the time of the signing of the "contract of the century," all the Flemish political circles had fought the choice of the Mirage F-1 for community reasons, and had taken a stand in favor of the American plane.

## Regional Impact of Compensatory Orders

Without saying that the F-16 had an advantage over its French competitor, the government decided a few months ago to anticipate a credit of a few tens of millions of francs for the purchase of materials (long lead items) in order to

continue production in case of an order for this plane, it being understood that this sum would be reimbursed if the F-16 were not chosen. The government committed itself to make a decision by the end of July -- the latest date set by the interested companies to avoid a production stoppage -- on the basis of a report issued by a committee consisting of representatives from the Ministries of National Defense, of Economic Affairs, and of the Budget, from the vice prime minister and from the Ministry of Justice. The primary task of this working group was to conduct research on the regional impact of a series of large military orders: the replacement of the Mirages, the helicopter program, the modernization of the field artillery, the purchase of high frequency and very high frequency radios, etcetera.

But it is no secret to anyone that the committee's work has not advanced very far. Some people have suggested that the Air Force, which is most interested in the decision to be made, is not in that much of a hurry and that it could manage with the resources it has at its disposal until the end of 1986. As between now and then the Mirage-5 squadrons will no longer be complete, it could establish a fifth squadron of F-16s by temporarily taking the price of these planes out of the reserves allocated to make good possible losses.

#### Worries at the FN [National Foundries]

This does not, of course, suit the aeronautic companies whose work plans will go down as the deadline of the end of 1984 approaches, when the last F-16s will be delivered. As of the beginning of January 1983, the reduction of activities will already begin to be felt. They also stress that to start up production again, following a more or less prolonged interruption, would produce additional costs with all the problems which would immediately arise on the human and material level.

The progressive disengagement of our country from the F-16 program may also deprive our industry of compensatory contracts on sales to third countries, which were promised to the four European countries who chose the American plane to re-equip their air forces. For them, the essential point is to show competitiveness based on the maintenance of real productivity. If the volume of our activity goes down, then our cost prices will go up and those export contracts will be lost to us. The Dutch, who were the first to order a second set of F-16s, already have an advantage which they can strengthen with any orders intended not only for third countries, but also for the United States Air Force. This is an aspect they are particularly interested in at the FN, in Herstal, which wants to be in a position to ensure the maintenance of about 1,200 F-100 engines for the American F-15 and F-16 fighter planes in Europe. They are obviously not the only ones to offer this service; since recently, they have a serious competitor in the form of the Israelis who are going to find themselves at the head of a fleet of 150 F-16s.

#### Is the Air Force Broke?

The rumor has been going around lately that the Air Force has exhausted all its credits and that it is no longer able to place any new plane orders, even if it wants to. The reason mentioned: the F-16 supposedly cost more than had been anticipated originally. But the opposite occurred; we ended up paying less

for it than the initial price at 38.68 francs to the dollar, /not to exceed price/ [printed in italics], because of the devaluation of the dollar, and we caught up with that price only when the dollar followed a reverse course.

Hence, there remained a profit which does not, however, appear in the budget as the sums have been completely spent. This is what puzzled a senator, Mr Hancke, who recently asked the minister of national defense whether the money thus saved had not been allocated to purchase electronic equipment to protect the F-16 against radar surveillance.

Minister Vreven confirmed that on 26 July 1979 the CMGES [Ministerial Committee for Economic and Social Coordination] gave its approval to the purchase, by mutual agreement, from the Loral Company of equipment of an estimated value of nearly \$8 million, at the exchange rate of January 1978. And he added that the credit is provided for in an item of the F-16 program.

We have been assured by a reliable source that this item was not included in the original program, which means that the expenditure attributed to this item today, had not been anticipated. It was added later on by choosing much more expensive equipment than that used by the United States Air Force. Here then is the origin of the overspending mentioned today, which causes the deficit noted by the Air Force. There is still something vague about this which might arouse the curiosity of other members of parliament.

It should also be noted that the Pentagon has just agreed to the sale to our country of 200 air-to-air "Sidewinder" missiles for the F-16s, for an amount close to 1 billion of our francs.

8463

CSO: 3100/729

TERRORISM

CYPRUS

BRIEFS

ARMS CACHE DISCOVERED--An unnamed man discovered a cache of arms in a village near Paphos which he delivered to police last weekend, according to our Paphos correspondent. The cache was substantial and comprised 16.303 rifles, Mauser rifle, 2 M5-255 rifles, Greener rifle, 2 Thompson sub-machine guns, 2 sten guns, 1 Biretta rifle, 2 Bren LMGs, 3 Bren incomplete (spares) machine-guns, 100 magazines, 2,000 rounds of ammunition and "miles" of detonating fuse. Official sources unwilling to be quoted claim the arms have been hidden since 1974 by President Makarios' Police Tactical Reserve. The greased weapons were found at Emba village. (AH) [Text] [Nicosia CYPRUS MAIL in English 14 Jul 82 p 1]

CSO: 4600/679

## ENEL'S PURCHASE OF ELECTRICITY FROM FRANCE POSES PROBLEMS

Rome L'ESPRESSO in Italian 20 Jun 82 pp 207-211

[Article by Tullio Fazzolari: "We Are Buying Everything, Cash Down!"; includes (boxed) interview placed at end of article]

[Text] Italy is buying electricity from France in place of uranium, but must pay for the uranium just the same. Thus, with no power plants, we are spending thousands of billions. For coal as well....

Rome--We will pay dearly, and we will pay for everything. Electrical energy now symbolizes our great national wastefulness. And, precisely while the government predicates the saving of energy as our principal resource for the next few years, Italy continues to spend left and right. We are buying oil, coal and uranium. And, since we do not have enough power generating capacity, we are also buying electrical energy. Between 1982 and 1985, the ENEL [National Electric Power Agency] will be receiving close to 14 billion kW-hrs of electricity from France. Practically speaking, it is as if the state electrical power agency had leased, on the other side of the Alps, a 700-mW plant, that is, just a little smaller than that of Caorso. For 3 years we will be paying the French around 650 billion lire, which comes to 45 lire per kW-hr.

This is a steep price. Each of those kilowatt-hours costs the French--who are using nuclear power plants to produce electricity--almost half that price. And yet, for Italy as well as for the ENEL it is actually an advantageous deal. First, because we are short of electrical energy and, if we had to produce that power ourselves using oil-fired plants, it would cost us 57 lire per kW-hr. Secondly, because we would have to pay those 650 billion lire in any case: Italy, together with the French, has joined the EURODIF [European Diffusion Agency] consortium for the production of enriched uranium to be used as fuel to fire nuclear power plants. But these nuclear power plants have never been built and we have no use whatever for the uranium. It is just as well, therefore, at least for the time being, that we receive in the form of electrical energy what we would have to be paying for the enrichment of the uranium.



## The Uranium Crack

But the new contract initialed between the ENEL and the French does not resolve the problem. And uranium remains one of the principal flaws in the Italian energy policy. The EURODIF plant continues to produce enriched uranium, and our country (which had a 25-percent share in it, that it later reduced to 16 percent) will have to honor its commitments. Thus, by 1990 we will still be without nuclear power plants (except for Caorso, there will be only Montalto which will barely have entered into operation). But EURODIF will still cost us many billions of lire just the same. The 650 billion lire will have served merely to postpone everything, thanks to the good heart of the French, who have granted us a commutation of our penalty.

Thereafter, ENEL and AGIP [National Italian Oil Company] Nucleare, whether they want to or not, will have to submit to taking the enriched uranium--for which they have no use--from EURODIF. Between now and 1990, only a portion of it will be taken by us, at a cost of 800 billion lire. As for the balance of the enriched uranium, ENEL and AGIP have succeeded in getting the French to agree to a subsequent deferment. But not without a price tag. And so, year by year, until 1990, we will have to pay in a total advance of 45 percent. This means at least another 700 billion lire.

Thus, with over 2 trillion lire immobilized to meet the commitments we have undertaken, the accounts on Italian participation in EURODIF are, for the moment, balanced.

But the uranium adventure is not yet over for our country. We have bought it up in vast quantities, as if the entire peninsula were sown with nuclear plants. And ENEL (knowing full well that we do not have these plants) and AGIP Nucleare (which the government has entrusted with the procurement of nuclear fuel) have really done things in grand style. The ENI [National Hydrocarbons Agency] company has committed itself not only to EURODIF but also to the Russians by way of Techsnabexport. And from the Soviet Union, there continues to arrive enriched uranium, which AGIP transforms in its plants (Bosco Marengo Nuclear Manufacturing) and then sells to ENEL. Thus, by the end of 1981, we were already fully stocked up on uranium: Every bit of over 1,000 tons: 800 tons on ENEL's back and 200 on AGIP Nucleare's.

Billions of lire were spent for these 1,000 tons as well. To be exact: 1,150 billion, of which 850 billion are for the account of ENEL and 300 billion are for that of AGIP. And to this sum must be added the costs of financing. For ENEL, whose indebtedness is already of the same order as Poland's--around 20 trillion lire--the additional burden is relative. But for little AGIP Nucleare, the blow could be mortal. Its stockpiles of unused uranium will attain a value, in 1986, of 1,150 billion lire. And by 1986, the corresponding costs of debt service, which already total over 100 billion lire, will have attained a level of 300 billion lire.

For Italy, at this point, the cost of its uranium could become even more astronomical and include the cost of rescuing AGIP Nucleare. For example, by taking

over AGIP's uranium stocks and setting up a kind of strategic reserve. Or by setting up an agency to supply uranium. In any case, however, the financial burden of these dreams of nuclear grandeur would end up being offloaded on to the coffers of state. "And these," says Mario Signorino, leader of Friends of the Earth, the ecologists association, "are outright squanderings of money without having taken into account the question of whether or not the nuclear power plants should be built." But who is responsible? "The government," says Giovanni Zorzoli, a director of the ENEA [National Committee for Research and Development of Nuclear and Alternative Energy], the former CNEN [National Nuclear Energy Commission], in 1975, placed emphasis on the nuclear program, setting unattainable goals." Thus, ENEL and AGIP bought uranium profusely. "And no one," remarks scientist Felice Ippolito, deputy to the European Parliament, "issued a timely order to stop."

#### The War Between the Penniless

But uranium could turn out to be not an isolated case. According to Zorzoli, "It has already sufficed to immobilize some 5 trillion lire." Which, with financing costs, could come to 10 trillion. But ENI and ENEL, who have been the direct leaders in the uranium adventure, are now girded and ready to do battle with each other over the entire power plant fuel supply front. And their primary battlefield will be coal. ENI, like the cellarer in a monastery, wants to be the supplier in this field as well, guaranteeing half of ENEL's requirements. ENEL's president, Francesco Corbellini, retaliates, saying that he is already being compelled to pay a premium of 40 lire on each ton of fuel oil he buys from AGIP, and that ENEL therefore intends to buy its own coal.

The squandering act libretto, however, reproduces faithfully the uranium script. The ENI is investing some 700 billion lire in coal. And, if it does not come to an agreement with the ENEL, it will be compelled to seek other outlets, which is not too easy a thing, since there are on the market other bigger colossi, like Exxon, ready to intervene massively. The coal battle is still undecided and preparations are already under way to dissipate further resources. The power plants are still lacking, with no idea as to when they will be operational or as to how much coal they will need, but the building of new ports to unload the coal is already under consideration. And here again, the programs are on a Pharaonic scale: New and costly docks are to arise at Vado, Ravenna and Trieste. "And the fact is," says Ippolito, "that the problem of the ports needs to be looked into very carefully so as not to further waste the taxpayers' money."

#### Lighting That Travels

ENEL and ENI are determined to make war on each other over who is to buy the fuel. The power plants, however, are lacking. And Italy, to meet its electrical energy needs, is now in the stabilized position of having to buy it abroad. We already import 8 percent of what we consume. And to avoid risking blackouts, we will have to continue buying it until there are new power generating plants. Corbellini actually dreams of building the power plants in the Congo and bring-

ing the electrical energy into Italy. "An approach of this kind with the Third World countries," comments Ippolito, "is not too far wrong. But, from a technical standpoint, the project is still in the realm of science fiction. Energy cannot be transported thousands of kilometers. It must be produced in Italy, requiring the building of new generating plants." And--if only it could be--utilizing the thousands of billions of lire that have already been spent on uranium and coal.

[Interview with Marcello Inghilesi, vice president of ENEL, by Tullio Fazzolari: "For Whom Is the Uranium? For Us"]:

Rome--"It is senseless. Why should a state-owned enterprise, like AGIP Nucleare, gain from another state-owned agency, like ENEL?" Marcello Inghilesi, vice president of the electrical enterprise, reignites the war with the ENI group: "The fact is that AGIP Nucleare sells uranium only to ENEL. And AGIP's role is solely that of a middleman. I see no reason whatever why we should continue to pay to maintain this role with state funds."

[Question] Do you mean that ENEL could replace AGIP Nucleare entirely?

[Answer] The ENI company does only one indispensable thing: It builds the uranium rods. And it does not even do this directly but rather through a controlled company. The rest of it is all superfluous. It makes more sense for the one who is going to use it for his power plants to go buy it directly."

[Question] ENEL, in sum, wants to buy its own uranium without going through the ENI. But the same problem arises with regard to coal or fuel oil...

[Answer] No, they are entirely different matters. The ENI refines crude and produces fuel oil. It is thus a producer in the true sense of the word, to whom it is proper to turn for supplies."

[Question] And coal?

[Answer] Oh, the ENI has its own mines, sells at advantageous prices and we buy, otherwise we buy elsewhere. An AGIP middleman does not interest us. We want instead an operative intermediary who will guarantee us continuity of prices and supplies.

[Question] And is ENI not that?

[Answer] It wants to become that. But in the coal sector, others have moved in a more timely manner. I wish AGIP Coal much success. But I do not think that, by law, it can be our supplier. In any case, ENEL cannot afford to pay useless middleman charges.

9399

CSO: 3104/243

## EXPORTS PROMOTION ORGANIZATION BEING CONSIDERED

Nicosia CYPRUS MAIL in English 3, 4 Jul 82, pp 1, 4

[Speech by Minister of Commerce and Industry Andreou]

[Text]

THE Minister of Commerce and Industry Mr G. Andreou has confirmed that the government is seriously considering legislation to set up Exports Promotion Organisation and will provide incentives, tax relief and others, to encourage exports.

Mr Andreou was speaking at the opening of an exports promotion seminar in Limassol, sponsored by the Chamber of Commerce, with the theme «Exports promotion, approach to new markets».

The Minister pointed out that Cyprus exports have quintupled from 1974 to 1981 from £47 million to £235 million and there has been a welcome diversification.

But events during the last years in the international scene foretell a serious economic crisis «which will deal a blow to small countries like ours».

Several countries in order to offset the effect of the recession are resorting to various measures to maintain the rate of growth of their national product and this calls for constant watch and flexibility for adaption to changing conditions, the Minister said and assured that the Ministry and the government will continue their support «on a more intensive and selective basis».

He reiterated government policy to support and encourage private initiative with the State intervening where pri-

vate initiative fails to respond or where national interest demands.

The Minister listed three main principles for attaining the objectives:

- Preservation of the factors of production at reasonable levels allowing Cypriot products to maintain competitiveness in foreign markets

- Constant qualitative improvement of the products with introduction of quality control techniques

- Better programming in production and marketing and adoption of improved and scientific methods in marketing.

Mr Andreou said the proposed Exports Promotion Organisation will provide a new boost and its existence will not antagonise but complement the efforts of the other factors now engaged in export promotion.

The Minister concluded by saying that the country more than ever before needs a strong economy so that the people can be helped to endure the struggle until vindication and freedom.

## NEW HOTELS OPENED IN PAPHOS

Nicosia CYPRUS MAIL in English 4 Jul 82 p 4

[Article by Anna Howard]

[Text]

**T**HERE are two new hotels in Paphos this year, the Rania — almost on the beach on the east side of Kato Paphos, and the Paphiana up on a mountain looking down on the whole area. There is too an older hotel with new ideas — the Paphos Beach.

The Rania Beach Hotel is an attractive complex of apartments built round a pool, but close to the beach, incorporating tennis court, restaurant, cafeteria, bar and shops.

The apartments are of varying sizes complete with kit, chens, bathrooms, air conditioning, heating, music and telephone, everything in fact that most tourists would require.

Mr. Tassos Vassiliades, ex-Famagusta hotelier showed me round this most attractive hotel designed by the Nicosia architect Constantinos Fissenzides. The style is a mixture of modern and Cyprus traditional and it is a relief to see that the roof top lacks the disfigurement of the usual solar heating Israeli system has been used.

The chef, ex-White Tower Restaurant, London, has devised a varied menu ranging from kebab with a difference to the international cuisine of scrambled eggs with smoked salmon and beef fondue. The prices are very reasonable and the service first class.

The Rania Beach Hotel is

part of the Sunset Boulevard Company and has 160 beds.

The recently opened Paphiana Hotel is up on a cliff top overlooking Yeroskipou and must have the most extensive view in the whole of Paphos stretching from Ayios Georgios to the west and Aphrodite's bay to the east.

All eighty-five rooms (180 beds) are fully equipped with bathrooms, air conditioning, telephones, balconies, etc.

#### Pool

The half-Olympic sized swimming pool has its own bar and snack facilities and provides a refreshing venue with the fast growing shrubs and flowers that surround it.

The Paphiana, a three-star hotel has two tennis courts a children's playground and a conference room for 100 people.

At night the Paphiana pro-


vides a breath taking view of the lights of Paphos with no extra charge for the cool breezes that abound.

On Thursdays there is an outdoor barbeque, on Saturday nights a «Cyprus» night and on Sundays there is a «eat as much as you like» luncheon buffet.

Paphos Beach Hotel Manager Andreas Nicolaou has come up with a bright idea to go for the new extensions of the Hotel. He has announced the formation of a club for all three-

time visitors. On Thursday a cocktail party was given the present three-timers and amongst them were Mr and Mrs. Norris Forster who boasted eight successive visits.

Amongst the 400 or so clients who will qualify for membership amongst them were Mr. and Mrs. Michael Foot, British Labour Party and Shamus Smith, award-winning film director.

The club has not yet been named, how about The Paphos Beachcombers? 

## PROBLEMS, PROSPECTS OF GREEK AGRICULTURE SURVEYED

Athens BUSINESS &amp; FINANCE No 201, 3 Jul 82 pp 16-23

[Text]

At a time when agribusiness appears as one of the most important factors in the new equation for world power, the agricultural sector in Greece is laboring under the disadvantages of traditional neglect and of a population that has scarcely begun to understand the deep, dangerous and structural problems that are inherent in the age-old movement from the countryside to the towns.

Caught in a vise between its own particularly Greek problems and those of the European Community's Common Agricultural Policy (CAP), our agriculture shows all signs of a terminal patient. The basic question now is whether the slightly dogmatic view that the new government espouses will be able to alter relations that have been built over a few centuries, and overcome a long period of neglect that most right-wing governments exhibited in the past.

The particular problems that the agricultural sector in Greece is suffering from may be briefly summarized as follows: the small size of agricultural enterprise, the large number of agricultural holdings, the lack of any rational distribution, and the complete absence of agricultural research and development, even in the sense of the application of new technology. To these one may add the fact that agricultural exports, and especially industrial ones, show some firm and long-term signs of declining, while investment in the agricultural sector has never reached the levels that it had achieved in the late sixties and the early seventies.

Within this context, it is significant that the share of agricultural exports in total Greek exports declined from 35% in 1978 to about 30% in 1980, while at the same time the corresponding share of industrial agricultural products showed a similar decline from 78% in 1978 to 73% in 1980. Equally discouraging is the development of investment in the sector. In constant 1970 prices, gross investment dropped from about 10 billion drs. in 1973 to about 6.5 billion drs. in 1980, and budgeted figures for 1982 show no significant change from 1981. Figure I and Table I give a clear and accurate picture of these developments.

In some respects, Greek agriculture may be considered unlucky. Now that the country has joined the Common Market, and since it was expecting to benefit most from this entry, the European Communities are faced with some of the most intractable problems possible, as far as agriculture in particular is concerned.

The situation in the EC is well known. The Common Agricultural Policy absorbs about 70% of all Community funds, and of these well over 60% is spent on the price support programs. Accordingly, the resultant problems are three-fold. One, the balance of power in the EC is such that it is the northern and richer countries that reap most of the benefits from these programs. Two, since most of the funds are not channeled into the programs that aim to help the restructuring of the

national agricultural sectors, all weaknesses and problems are perpetuated. Three, the high share of the agricultural sector in the total expenditure of the Community means that there are not enough funds left for regional development and/or for all other programs of the Common Market. In this respect it is, again, the more developed countries that benefit the most, since they are the ones that have the least need for Community action programs.

As far as Greece is concerned, the current "fight" regarding changes in the directions of the CAP may be partly considered as a blessing in disguise. In the short term, the country may be denied, of course, of all the "rights" that she thinks are hers. In the long run, however, she may be able to use her influence, or even her mere presence, in the Community to press for the implementation of those changes that will be most beneficial to the southern countries of the Common Market.

In the meanwhile, however, she is in the process of losing another and equally significant battle: that of her harmonization with existing Community policies. The net result of this situation is that the country is not reaping most of the advantages that she could in any case obtain, irrespective of the more general bias in favor of the northern countries that the CAP is exhibiting.

Most observers agree that Greece has failed to gain from the EC all the gains to which she is entitled. This has happened under both the Athens Agreement of 1961 and the Treaty of Accession that was signed in 1981. It is characteristic that the mere typical adoption of Community regulations took a good eight months after the 1981 treaty, though all of these regulations were going to be adopted in any case, since they had been accepted by the Greek negotiations and they formed part of the status quo of the EC.

The new government is finding itself in a rather difficult position. It started off by being anti-EC, and has since been forced to modify its position. It is a bit difficult to turn away the more than 15 billion drs. that will

be the net benefit to Greek farmers in the current year, and all of which will be forced out by Community sources. It is equally difficult to maintain, while in government, the same rhetoric that one is able to use while in opposition. In theory, of course, the government is still committed to most of the aims that it supported in the pre-electoral period. These may be summarized as follows: one, pressing for some structural changes in the CAP, with the aim to shift the flow of funds in favor of the southern countries. Two, following a pattern of development within Greece that would help the country achieve an independence from the

existing "international model of development." Three, achieving self-sufficiency in the production of basic foodstuffs. Four, pressing for vertical integration in the agricultural sector, so that most, if not all, inflows to the sector would be domestic rather than foreign. In this way, the government is hoping to minimize the dependence of Greek agriculture on the international division of labor and the international pattern of production. Five, obtaining a more balanced pattern of growth between industry and agriculture, so as to minimize some of the most blatant and extreme cases of dualism from which the Greek economy is suffering. Lastly, succeeding in a more even geographical distribution of exports.

For the moment, at least, most of these aims must be considered as difficult to achieve. Changes in the EC necessitate the existence of a more general consensus within the Community, and this is rather difficult to achieve. Further, the independence from the world model of international develop-

ment — i.e. the adoption of a pattern of production that is determined by Greek desires and priorities — is difficult to see within the context of Greece's entry into the EC and the government's subsequent decision not to press for withdrawal from the Community.

All in all, if one is to risk a judgement, the government's aims appear to be more theoretical and dictated by dogmatic and political necessity, than a sum total of consistent aims that would



TABLE I

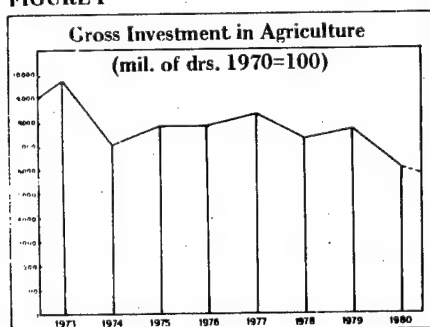
## Exports of Agricultural Products (thousand of drs.)

	1978	1979	1980
Agricultural Products (does not include wood and hides)	969,605	1,168,465	1,165,979
Finished Agricultural Products	823,603	994,490	915,579
<b>Total</b>	<b>2,998,499</b>	<b>3,931,967</b>	<b>4,093,851</b>

form the basis of a practical change. Though improvements in the agricultural policy are in order, and will undoubtedly be forthcoming after years of neglect and lack of imagination, the more correct and practical direction would probably lie in a different philosophy.

That is to say, in the attempt by this country to determine those areas in the range of international agricultural activities that best exploit our own comparative advantage. To try and build, in other words, an economic power basis that would involve the agricultural sector with a strong export orientation. This would help both export-led growth and the furthering of that kind of domestic industrial development that would not ignore the internal market as a factor in the determination of our priorities.

FIGURE I



### ROKOFYLOS: NEW DIRECTIONS FOR AGRICULTURAL BANK

One of the main aims of the policy that the Agricultural Bank of Greece is now

following is to prevent the flow of funds into uses that are contrary to the terms of the loan. This is one of the main points that emerged from an interview that the governor of the bank Christos Rokofylos gave to *Business and Finance*. The governor further pointed out that:

- the bank will yield to no political pressure in granting loans;
- such pressure, in any case, has been non-existent in the last few months;
- the high quality of the bank's personnel guarantees that all decisions will be based on the correct economic and technical criteria;
- loans will be given for the purpose of improving the quality of life in the villages;
- the special status of the bank will be maintained, in spite of the country's entry into the Common Market.

One important issue that the bank has been concerned with, concluded the governor, is the question of overdue loans. It is now the bank's decision that there will be no moratorium on such loans. Rather, each case will be dealt with separately and will be judged on its own merits.

It is the government's policy that the flow of funds must be strictly regulated, said the governor. Accordingly the Agricultural Bank will follow the lines laid down by the government. This is the only way to ensure that credit available is properly used. In the past, continued Rokofylos, patronage and political pressure apparently went hand in hand in influencing the distribution of the bank's resources. The result was that in several cases the proceeds of loans were used for speculative pur-



poses, or even for the outright enrichment of the recipient. There are cases, stressed the governor, where funds granted for the cultivation of e.g. tobacco were used to finance the purchase of apartments in the cities. The bank will be implacable in such cases. It will prosecute, it will press to get its money back and it will make sure that the situation does not arise again.

Within this context, the quality of the bank's personnel will play a crucial role. The high standards that already are in evidence will ensure, according to the governor, that political influence is minimized and that the loans are granted in all cases where a valid economic reason exists. The government itself has already recognized the changes that have occurred in the bank, as well as the importance of ensuring a smooth and adequate flow of funds to the agricultural sector and has thus increased the total credit that may be made available to about 210 billion drs. Though the increase over last year's level is nominally 40%, the real availability of funds will be much higher. The reason for this is that the control that will be exercised will be better, and the use of funds will accordingly be more productive.

On the basis of this philosophy, it is easy to understand why the bank does not want to consider the proclamation of a moratorium on the payment of past loans. As the governor put it, "such an act would amount to the reward of those who were either inefficient or downright dishonest."

If a farmer is a bad manager, the bank should not further encourage his inefficiency by throwing more good money after bad, Rokofylos said. If the farmer has used the loan to personally enrich himself, then the moratorium will reward his dishonesty.

The bank will look at all cases of truly needy farmers who have had a spate of bad luck, and it will try to help them get past the problems with which they are faced. All others, however, will have to realize that they can no longer play games with the money of the Greek people, as the governor put it.

The new administration of the Agricultural Bank of Greece is determined to consider the promotion of all employees strictly on the basis of merit only. In this, said Rokofylos, it has the full backing of the government, the members of which have really left the bank alone to proceed with its work free of all kinds of political interference. The bank will thus be able to give out loans that are "cultural" in nature, i.e. that will be used in order to enhance the quality of life in the villages, by improving roads, building museums and libraries and providing instruments and uniforms for bands, etc.

The special status of the bank will be maintained in the Common Market, Rokofylos said. The previous government had shown a tendency to bow to the demands of the Brussels bureaucracy, believing that in this way it proved "what a good boy it was."

Yet the bank could not and should not lose its special status. It is not and will not ever really become a commercial bank, working with the usual economic criteria of profitability, the governor said. Greek agriculture needs special treatment and this only the bank can provide.

"More than 65% of our funds come from the liquidation of old loans," the governor pointed out. This alone shows the extraordinary conditions with which the bank is faced. High interest rates will have to be subsidized, since farmers simply cannot afford them, and the bank does not want to move away from the traditions that Venizelos and Papanastasiou laid out for her. Furthermore, the need may well be there for the indexation of loans. All such plans cannot be implemented if the bank is not allowed to work under a special status. Fortunately,

continued the governor, the EC has recognized this need, and has accepted that the bank be exempted from the rules and regulations that govern other banks and agricultural credit institutions.

## CURRENT SITUATION AND OUTLOOK

Agriculture, for Greece, is a very important sector of the economy — not due so much to its contribution to gross domestic product (18% in 1970 and 14% in 1980) but to social reasons, since nearly one-third of the active population is engaged in agriculture.

Official efforts have aimed at increasing productivity by replacing traditional extensive agriculture with contemporary, intensive and scientifically sound agricultural and livestock production.

This is of even greater importance now that Greece has joined the Common Market, since the sector as a whole faces a real and unavoidable challenge. It also must adapt itself to a new orientation, whereby agriculture should be run as a business — planned ahead of time, based on sound scientific knowledge, able to meet consumer demands and supportable by all mechanical means economically available.

The trend is toward production of export commodities, either fresh or processed. These final products should be of such quality and price as to make them acceptable to the foreign consumer.

In analysis of the current situation here, wheat and barley production apparently is declining, with wheat at 2,931,000 million tons in 1980 and 2,716,000 million tons in 1981. Barley production in 1980 was 950,000 million tons, and in 1981 was 780,000 million tons.

Corn production, on the contrary, shows an upward trend — 1,233,000 million tons in 1980 and 1,360,000 million tons in 1981. Total corn production presents a spectacular increase in recent years. The use of new hybrid varieties, along with improved cultivation methods, has raised the per-hectare production to 8,500 kilograms (as of 1981), while the 1978 yield was 4,500 kilograms per hectare.

In spite of the high production, however, Greece imports large quantities

of corn from the United States to cover domestic animal feed requirements.

As far as prices are concerned, 1981/82 crop prices were roughly 10% higher than 1980/81 prices. Corn was 9.4 drs. per kilogram in 1980, 10.15 drs. per kilogram in 1981; soft wheat was 9.8 drs. per kilogram in 1980 and 10.73 drs. per kilogram in 1981; durum wheat 14 drs. in 1980 and 15.47 drs. in 1981; barley 9.4 drs. in 1980 and 10.15 drs. per kilogram in 1981.

The above prices are the minimum grower prices defined by the EC. In addition to these minimum prices, the EC awarded (through FEOGA, its agricultural fund) economic support for growers living in mountainous areas and payments covering storage expenses.

Olive oil was the first agricultural commodity in Greece to enjoy Community subsidies (November 1981). The 1981/82 olive oil production is estimated at 255,000 million tons. Growers receive a total of 140 drs. per kilogram (for 3% acidity oil), of which 7.96 drs. per kilogram is a subsidy granted by the EC through FEOGA, 114.88 drs. is the intervention price defined by the EC and 17.16 drs. per kilogram is a subsidy granted by the Greek government with permission of the Community.

However, due to high production and stocks (because the commodity is of no wide use in the Community, though of major importance in Greece), olive oil is one of the friction points between Greece and the EC, regarding application of the Common Agricultural Policy (CAP). The problem becomes more complicated pending the accession of Spain and Portugal, both major producers of olive oil.

Tobacco is another point of friction. The increased production of blended cigarets is reducing the importance of oriental tobacco which, however covers 84% of the Greek tobacco crop. Total 1981 tobacco crops reached 123,000 million tons, of which 103,000 million tons were oriental varieties, 20,000 million tons burley and 70 million tons flue-cured (Virginia).

The huge stocks of oriental tobacco (estimated in mid-1981 at 76,000 million tons) held by the National Tobacco Board complicate the tobacco trade issue. Prices for oriental tobacco and the grower income support, defined by the EC, are as follows:

Variety	Intervention Price	Income Support
Basma	236	50
Sampsons	207	27
Kaba-Koulak	183	23

It should be noted that after January 1, 1981, and under provisions of the CAP, differentiation between oriental exportable and oriental domestic tobaccos ceases to exist.

Cotton is showing an upward trend mainly because of a steady growth in exports of cotton derivatives such as yarns, textiles and ready-made garments. Requirements of the industry are not covered by domestic products, and thus considerable imports are being made, with nearly half of these quantities originating in the United States.

Production of sugar is now regulated by the CAP, whereby Greece was accorded two sugar quotas: A=290,000 million tons, and B=29,000 million tons, for a total of 319,000 million tons. These production quotas are valid from 1981 through 1985.

After the 1980 slump in sugar (182,000 million tons), production resumed normally - 313,000 million tons in 1981.

During 1981, roughly 1,400,000 million tons of tomatoes were produced for industrial use. Tomato paste is a major export item, the EC countries being the leading buyers. However, exports to Arab and North African countries are steadily increasing. Production of tomato paste in 1981 is estimated at about 200,000 million tons, while

peeled tomatoes and tomato juice reached 30,000 million tons and 20,000 million tons, respectively.

The minimum grower price established by the EC was 3.7 drs. per kilogram. Processors, at the same time, received a subsidy amounting to 1.3 drs. per kilogram of tomato paste of 28-30 degrees Brix concentration, 5.5 drs. per kilogram of peeled tomatoes, and 4.6 drs. per kilogram of tomato juice.

Deciduous fruits continue to share a high percentage in both domestic consumption and exports (processed and fresh). Peaches, apples, pears and apricots are the main deciduous fruits, with large quantities exported to EC countries. Large quantities of peaches and apples were withdrawn and destroyed in 1981 in order not to upset the balance of the market after that year's over-production. The EC granted to producers withdrawal of prices of 9.4 drs. per kilogram for peaches and 4.9 drs. per kilogram for apples.

Citrus fruits also are major export items. The traditional customers for citrus fruits are the Eastern European countries. For many years Greece had clearing account payment procedures with these countries, which imported agricultural goods from Greece and exported to it, among other things, agricultural machinery.

However, upon Greece's accession to the EC, these clearing accounts were terminated, and payments are now being made in convertible currency.

As far as livestock production is concerned, total milk production in 1981 reached 1,721,000 million tons, although the number of dairy cows is declining. Better feeding and housing conditions have resulted in increasing per-head production.

Nearly 36% of the total milk production was consumed fresh (pasteurized), while the remainder was used for condensed milk, cheeses, butters, yoghurt and ice cream, etc.

High costs of production and processing, however, are disadvantageous to Greek dairy products as compared with similar EC products. (Except, naturally, for pasteurized milk.) European cheeses already compete strongly with Greek cheeses, and the same is anticipated for the ice creams and long-life (UHT) milk, which Greece only recently has begun to produce.

It is not easy to foresee the end result of this competition, but knowledgeable people feel that the Greek dairy industry is in for a shock.

Red meat (beef, veal, lamb, goat) production continues to be short of domestic demand, making imports necessary. Yet white meat (pork, poultry) production meets domestic requirements.

There is a gradual shift of the local market from red to white meats, but primarily because of lower prices and higher production rate of the latter.

#### OUTLINE OF GREECE'S AGRICULTURE

In a country somewhere between developed and developing, Greek agriculture plays an important, though decreasing role in contributions to the gross domestic product. During 1970, agriculture provided 18.2% of the GDP of 257.9 billion drs. In 1978, when the GDP was 394.8 billion drs., the sector provided 14.5%. Of the estimated 1981 GDP of 417.5 billion drs., agriculture's share was at about 14.3%.

This gradual decrease in the share of agriculture in the GDP is accompanied by an increase in other important sectors of the economy – namely industry and services. However, the social importance of agriculture remains strong, since approximately 3 million people (of the country's total 9.7 million population) are engaged in agricultural pursuits, according to provisional data provided by the 1981 census.

Despite its inherent drawbacks, agriculture in Greece over the past three decades has made considerable progress – progress that can be described as satisfactory, in the Greek reality. The inherent drawbacks include the nature of the land, fragmentation of the farms and lack of irrigation, among others, which all affect productivity.

Greece is primarily a mountainous country. Of a total surface area of 13,198,980 hectares, only 30% (3,954,694) is cultivated land. Forests occupy 22.5% (2,969,770 hectares), and the balance is made up of 40% grazing land (461,964 hectares) 2.4% buildings and roads, 1.6% impounded areas and miscellaneous uses.

The allocation of cultivated land is roughly as follows: 69% arable crops, 21% arboriculture, 6% viticulture and 4% vegetable gardens, nurseries and greenhouses, etc. The large percentage of mountainous area is an impediment to high agricultural production – which is, however, offset by the excellent quality of produce due to the warm, sunny Mediterranean climate.

Another drawback is fragmentation of the land, with farm fragmentation a serious obstacle in applying intensive agriculture, in machinery investment and irrigation well digging, with the net result of decreased productivity.

Fragmentation is mainly the result of inheritance laws, according to which owners-heads of families may divide properties among their children, usually upon marriage. To mitigate this drawback, a national land consolidation program began in 1953. Under the program land consolidation is either voluntary (upon agreement of the majority of the owners) or compulsory (in areas where large reclamation and irrigation projects are carried out).

It is estimated that at the end of 1981, some 706,000 hectares of land were consolidated. In areas where land consolidation was implemented, the average number of land plots per hold-

ing was reduced from 7.0 hectares to 1.5 hectares, and the average plot size increased from 0.25 hectares to 1.6 hectares. However, in spite of high state expenditures in trying to carry out land-consolidation projects, the problem of land fragmentation remains because consolidated farms are being redistributed to children by their parents.

Still another impediment is the relatively small percentage of irrigated land within the total cultivated area — 23%, or about 911,000 hectares, is irrigated. The major irrigation projects in operation lie near the Axios, Alfios, Acheloos, Aliakmon, Nestos, and Pinios Rivers. This land is allocated to arable land and vegetables (79%), orchards (19%) and vineyards (2%). Every effort is being made to expand the irrigation networks to cover as much land is possible.

As earlier stated, however, Greek agriculture has made satisfactory progress toward modernization in areas of machinery, crop orientation, cultivation methods and, above all, in attitude. Older farmers, carriers of traditional ideas about "restricted" agriculture, are slowly giving way to a new generation which considers agriculture a business, and not merely a means of survival. Their effort today is directed toward agriculture for export, processing and standardization of quality, instead of just feeding their families.

This reorientation and redistribution of agricultural and livestock production are indications of the shift toward modern agriculture. Traditional crops are giving way to intensive industrialized crops and exportable fruits and vegetables.

Large (sometimes too large) organized feedlots of hogs and poultry are replacing the traditional raising of a few animals for household consumption.

The use of electricity for operating water pumps and miscellaneous equipment is now widespread throughout Greece. Power consumption in agricul-

ture during 1976 was 238 million kilowatt hour, versus 31 million kwh in 1961. Reduced rates for electricity further facilitate its use by farmers.

The rapid expansion of agricultural mechanization took place after World War II. In 1940, there were fewer than 1,500 four-wheeled tractors. By 1965, there were 49,000, and by 1975 there were 153,000. In 1940, there were 42 combine harvesters, and in 1950 there were 600. By 1965, the numbers had risen to 3,800, and by 1975 there were 5,200.

Today, corn- and cotton-pickers are common sights, as are sugarbeet cultivators and pickers, tobacco transplanters, threshers, wheat-sowing machinery, fertilizer distributors, sprayers and sprinkling units.

Use of chemical fertilizers increased nearly eight-fold between 1951 and 1975, and at the end of that period there were 437,000 tons of fertilizer units in operation. The use of chemical fertilizers and pesticides also increased, in order to obtain higher quality produce.

The expansion of greenhouses — which have proven of such inestimable worth in Ierapetra, Crete — also has helped supply the domestic market and the export business with off-season vegetables.

Livestock also followed the upward trend of crop production during this time. Intensive financing by the Agricultural Bank of Greece during the early 1970s has made Greece self-sufficient in white meats. Modern slaughterhouses and feedlots with vertical organization have helped to mitigate quality and quantity problems in meat production. However, domestic consumption of red meats is higher than Greece's ability to produce them, making imports a necessity.

The overall picture of Greek agriculture is nevertheless dynamic. It is a picture of a country trying to over-

come tough obstacles to better adapt to the contemporary aspects of agriculture, especially since Greece's accession to the European Community.

## AGRICULTURAL INDUSTRIES IN GREECE

Greece's agricultural industries have shown rapid expansion in the last quarter-century. Since the typically warm Mediterranean climate is conducive to a great variety of agricultural products suitable for processing, this expansion is not localized but scattered throughout Greece.

Almost any type of agricultural industry can be found in Greece: fruit processing plants for canned, frozen and dried fruits and juices; vegetable processing plants for canned, cooked, pickled, frozen and dehydrated vegetables; dairies for pasteurized and evaporated milk, cheeses, butter and yoghurt; canneries for olives; refineries for vegetable oils; olive oil processing plants; tobacco and cigaret manufacturing plants; cotton processors; sugar refineries; slaughterhouses and meat processing installations; fish canneries; wineries; feed industries, and grain processing installations.

Although many official and private Greek agencies have jurisdiction over the agricultural industries, their diversification hampers efforts of those who try to compile reliable inventories for the whole country.

Different sources report from time to time on the same subject, but the numbers are not in accordance with each other. The following table presents data for the year 1975. These data may not be actual, but they give a good approximation of the actual numbers:

The capacities of most of these industries (of which roughly 10% could be described as large) cannot be reported with any degree of accuracy, and thus it is better to refrain from such an attempt.

Industry	Installations
1. Flour mills	2,080
2. Rice mills	36
3. Raisin processing	64
4. Olive canning	83
5. Fruit, vegetable packing	161
6. Vegetable pickling	36
7. Fruit juices	32
8. Dehydrating fruits & vegetables	6
9. Fruit, vegetable canning	99
10. Tomato processing	54
11. Dairies	30
12. Cheese production	1,280
13. Slaughterhouses	396
14. Sausage etc. production	150
15. Fish canning	9
16. Fish salting	55
17. Sugar refineries	5
18. Wineries	296
19. Olive oil production	3,729
20. Seed oil production	42
21. Cotton ginning	69
22. Cooling installations	615
23. Deep-freeze tunnels	37
24. Animal feed manufacturing	165
25. Miscellaneous	119
	9,648

A large but unidentifiable percentage of these industries is directed toward exports, mainly to EC markets, but with Arab and African countries

progressively increasing imports of Greek-processed goods. However, in order to acquire their full share of the market, the Greek agricultural industries have to overcome some obstacles, including:

- Factories work on a seasonal timetable (a few months a year), with the result of low utilization of capacity, which in turn affects cost of the final product;

- Quality control has not attracted the attention necessary to result in high-quality goods, though allocation of a little more time and money could alleviate the situation and result in superior, quality products;

- Management of the agricultural industries in general and agricultural cooperatives in particular suffers from lack of training, experience, scientific

knowledge and trade maneuvering — which occurs because in most instances personnel selection is based not on ability but on local, political or family connection and seniority;

- The older plants have buildings ill-designed for proper function and effective layout, resulting in poor hygiene and unsatisfactory storage environments;
- In the case of quality control, marketing has not received the full attention necessary for successful enterprise. Sales efforts are haphazard and based on intuition, rather than actual research and evaluation of the market;
- Relations between producers and processors are not the best, and could be improved with development of better understanding and adoption of a signed-contracts system, coupled with mutual respect;
- Finally, there are problems connected with growing public concern over the environmental issue. Protection of the environment is translated into money, and processors are reluctant to invest in installations not immediately productive in terms of "money return." The fact is, however, that environment is not an ever-renewable resource, which has forced authorities to adopt strict — and in some cases too strict — regulations to protect it. It would seem that a happy compromise between growth of industry and protection of the environment is nowhere in sight, and agricultural industries (heavy organic polluters that they are) are suffering from lack of it.

### **GREECE AND THE EC: AN HISTORICAL PERSPECTIVE**

Beginnings of the story of Greece's accession to the European Communities go as far back as 1959, when on June 8 the Greek government submitted its application of association with the EC.

Two years later in Athens, the two parties signed the agreement, which became the basis for Mediterranean enlargement of the EC. Purposes of the Athens agreement were progressive harmonization of the two economies, progressive reduction of the trade barriers and financial assistance to Greece.

The inherent weaknesses of Greece's economy — the unbalanced escalation of its imports and reduced importance of its exports — prohibited its immediate accession as a full EC member state.

Therefore, Greece elected to use Article 238 of the Treaty of Rome, which provided that the EC "may proceed to sign association agreements with third countries, without, however, specifying the nature and the contents of such agreements."

At the same time, these agreements, except for providing solutions mutually acceptable by the two parties, should also provide for the observation of GATT regulations and the miscellaneous trade obligations toward Greece's commercial partners, either under GATT's umbrella or stemming from bilateral agreements.

The Greek-EC Association Agreement began to function November 1, 1962. Results of the first five years since the initiation were not spectacular. Although agreements on traffic reductions and progressive elimination of quotas were carried out smoothly, the other agreements, mainly those concerning the agricultural policy and financial aid to Greece, did not materialize.

In the sector of commercial transactions between Greece and the EC, the situation was less than satisfactory. In spite of the increased rate of Greek exports to the Community, the deficiency in the balance of trade increased from \$215 million in 1962 to \$360 million at the end of 1966.

Greek exports to the EC increased from \$88.7 million in 1962 to \$144 million in 1966, while the EC's exports to Greece during the same time period increased from \$303 million to \$503 million.

This drawback originated at both ends. The Community did not express real political will to help the Greek economy overcome its inherent deficiencies. Greece, on the other hand,



failed to grasp the real meaning of the agreement, and thus did not succeed in adapting its economy to conditions laid down by the agreement.

The 1967 change of government in Greece brought to a standstill the Athens Agreement. The European governments, from the beginning hostile toward the Greek situation, tried to expell Greece from the EC. However, since the agreement had been signed by the EC as a whole and the Greek state (and not between individual governments and a particular Greek government), these attempts did not bear fruit.

The "freeze" in the Greek-EC relations did not have a decisive economic or political impact on Greece. The attitude, however, of the European governments helped (by default) the speeding of the procedure for Greece's assession as a full member of the European Communities.

When in mid-1974 the new government faced the negative results of the up-to-then application of the association agreement, it decided that it should take advantage of the favorable climate prevailing in Europe for political change in Greece, and submit an application for full membership.

European governments generally were in favor of the Greek application. Intensive negotiations began in 1976 in order to find points of agreement among a host of pertinent subjects — particularly the problem of harmonizing Greece's agriculture with the Common Agricultural Policy (CAP).

After repeated meetings on every possible official and unofficial level, the accession agreement was signed in Athens on May 28, 1979.



## INFLATION, PRICE INDEXES COMPARED

Nicosia CYPRUS MAIL in English 2 Jul 82 p 2

[Serial--Financial Mail by CERO-ECONSERVIS]

[Text] The latest "Newsletter" of the Cyprus Popular Bank (January-February 1982 Vol 6, No 1) once again provides us with interesting data relating to the Cyprus economy. This time the data relate to a special report on inflation in Cyprus, that provides analysis of the major inflation indicators, notably the Retail Price Index, Wholesale Price Index, Price Index for the Manufacturing Sector, and the GNP deflator. However, what we find most interesting is the comparison of the rate of inflation and the changes in the Popular Bank Index of share prices (PBISP).

Of the various price indices used by the Popular Bank we would consider that the Retail Price Index, which is based on the results of a household expenditure survey and household consumption patterns and the GNP deflator appear to be the most useful.

The GNP deflator is essentially the indicator of the overall price changes in the economy and refers to the deflator of the Gross National Product, that is the degree to which the calculations of economic activity at current prices are reduced in order to allow for price changes shown and to the real changes in the economy.

A comparison of the rates of changes shown between 1978 and 1981 in the Retail Price Index, the GNP deflator and the Popular Bank Index of Share Prices is shown below.

## Inflation

The newsletter makes a short historical survey of inflation since 1960 from which it is clear that the problem of inflation did not really exist in Cyprus during most of the 1960s, since the average rate of price increase was only about one percent per year.

After 1967 inflationary tendencies became more pronounced and in 1968 a rate of price increase of 3.8% was recorded.

This, however, was partly caused by the devaluation of the Cyprus pound in November 1967, though expansionary lending policies by commercial banks also contributed, wages also increased because of full employment conditions and the import price index rose by 9.6%.

During the years 1970-1973 there were rising rates of inflation even though these would seem very low by today's standards.

The situation was then radically changed by the 1974 Turkish invasion, which totally disrupted the economy by leading to the displacement of about 200,000 people, reducing the resource base of the country and leading to pent-up demand by people wishing to re-establish their previous standard of living.

Nevertheless, the decline in incomes following the invasion and the other measures taken kept inflationary pressures under control in 1975 and 1976.

As the economy moved to a situation of full employment, the inflationary tendencies became more evident and the resources gap increased causing prices to rise.

The oil crisis, increases in import prices, high wage increases and the public sector deficit led to the high rates of inflation that are shown from 1979 onwards.

The greatest increase in prices was shown in 1980 when the Retail Price Index reached 13.5% and the GNP deflator 14.-%.

It should be noted that the GNP deflator consistently shows a somewhat higher rate of price increase than the Retail Price Index.

In general it can be said that the rate of growth in prices in Cyprus has been high even by international standards with the rate of inflation being around the European Economic Community average over the last three years.

#### Share Prices

The Popular Bank Index of Share Prices, the first of its kind ever computed in Cyprus, is published on a monthly basis and reflects on average, the monthly fluctuations in prices of shares of public companies.

A review of the time series from December 1976 reveals that until December 1979 share prices in Cyprus have been rising at a fast and steady pace to reach a peak of 27.04 (December 1976=100.0).. In 1979 alone, the annual increase was as high as 46.5% over 1978.

In the first months of 1980, however, the trend was reversed and PBISP registered an absolute decline. The downward trend was maintained until the end of 1981 with the exception of some short intervals in the spring of 1980 and 1981 when a moderate upturn in share prices was observed, attributable to seasonal factors.

Thus, in 1980 as a whole, share prices increased by a mere 1.4% as against a drop of 19% in 1981.

The Popular Bank Index of Share Prices during the first quarter of 1982 registered a slight increase over its level of last December of 175.9 which was the lowest point in the stock market after November 1978 (183.0)

Nonetheless, taking seasonal factors into consideration there is no convincing evidence that the turning point was reached and the trend has been reversed.

According to the newsletter's preliminary forecasts, PBISP is expected to fluctuate between 170.0 (on the pessimistic side) or a relative decline of 10% and 180 (on the optimistic side) or a relative drop of only 5% over 1981.

#### Confidence

Share prices are generally considered to be an "inflation hedge" that is the ownership of shares under inflationary conditions is supposed to give a better rate of interest (or real return) on savings account that gives only a fixed interest on investment.

In theory, share prices are supposed to reflect economic activity and since companies are assumed to be capable of passing on price increases, then company profits should be capable of keeping up with inflation and passing on these profits to shareholders through higher dividends.

If dividend payments are higher than the rate of inflation (as compared to market value of the shares) then the capital value of shares should move roughly in line with inflation or even surpass the rate of increase in prices.

Comparison of the two inflation indices and the PBISP shows that this is not the case. In 1979 when the economy was booming, the PBISP shows a massive 46.5% rise, but in 1980 and 1981 share prices in Cyprus do not keep up with inflation and in fact share prices showed a 19% decline in 1981.

The conclusion would appear to be that share prices in Cyprus reflect business confidence rather than inflation rates and they may also be closely related to demand for personal liquidity.

Shares are more liquid than other forms of property and it may therefore be that as the rate of inflation increased and the rate of real growth in the economy declined, the certainty created led to demand for money.

Since shares can be sold more easily than property, then share prices are likely to fall, thus reflecting business confidence or the economic outlook of investors.

But this is only one explanation. The performance of the companies themselves has also clearly affected share prices and Cyprus companies (notably Cyprus Airways and the cement plants) have been facing difficulties.

With respect to the Popular Bank "Newsletter's" prediction that share prices will be slightly lower in 1982, we would like to take a more optimistic view based on the good results of the three Cyprus banks and anticipate that there will be no further decline in 1982.

This return to confidence is not only important from the point of the business climate, but also for the plans to establish a stock exchange in Cyprus.

The government set up a committee to examine this issue some time ago but there has been no news of this committee since then. This is a pity, but it may be better to launch the stock exchange on a trend of rising share prices rather than falling prices.

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Price Indices and Share Prices

	1979	1980	1981	1981/78
A. Retail Price Index	9.5	13.5	10.8	11.2
B. GNP Deflator	13.6	14.1	11.2	12.9
C. Popular Bank Index of Share Prices	46.5	1.4	19.0	6.4

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CSO: 4600/666

## NEW ROUND OF PRICE HIKE DRAWS FIRE

Nicosia BOZKURT in Turkish 12 Jun 82 pp 1, 4

[Text] Reaction to government price hikes continues. Alpay Durduran, chairman of the TKP [Communal Liberation Party] maintained that the coalition government headed by the NUP [National Unity Party] and composed of three other political parties and an independent, aspired to rule the state with Goebbel's-type methods. Durduran claimed social laws were being shelved and that a price hike raid had begun. Declaring the policies of the NUP government and its supporters bankrupt, Durduran made the following written statement:

"First, the government publicized that minimum wages would be tax-exempt, then it brought in a system which covers more taxable incomes than was the case in recent years.

"Then it publicized the new minimum wage determined by the cost of living level forcefully maintained by price controls whose tab is picked up by public establishments by the force of the state. And just in case, the government maintained the right to establish more than one minimum wage level by changing the law.

"In the meantime, they fought for a share in the glory of having brought about great social affluence by launching an advertising campaign. Finally, they launched the dizzying price hike attack which raised the cost of living more than 40 percent in a single day. Now, it is evident that they have simultaneously made stabilization fund cuts, a fund used for no other purpose than increasing such state income as direct taxes. They will impose a tax of 38 liras per gallon on gasoline.

"With these resolutions, they shattered the imaginary world of affluence and social justice built by Goebbels-type methods thus pushing our low-income population into an abyss. Neither minimum wage nor a just taxing system remains. That kind of talk never suited them anyway."

Keskiner's Statement

Meanwhile, Rasih Keskiner, chairman of the Municipal Laborers' Union, claimed that the NUP dominated coalition government ruled by accelerating actions against workers every day. Keskiner issued the following written statement:

"Those who have just yesterday stolen the wages of workers by the import goods tax amendment law, have now condemned thousands of working people to hunger by their disparate applications of the minimum wage. The NUP dominated and DHP [expansion unknown] supported capitalist government has set its sights on the bread of the poor people.

"The capitalist government, which constantly protects capital in keeping with its own outlook, is infatuated with repressing the working masses by suppression and hunger. The joint struggle of all democratic organizations, labor unions and opposition parties against a mentality which locks out workers on strike for their rights, is inevitable. We repeat, we shall continue our fight against the pressures, threats and arbitrary applications aimed at workers. We invite all workers' organizations to join the struggle against the order which protects reactionary-rightist smugglers."

#### Who Pays the Bill

Bektas Hasan, chairman of the Turkish Cypriot Chamber of Engineers and Architects, maintained that the new price hike put in effect before the publication of the new minimum wages in the OFFICIAL GAZETTE and running the gamut from fuel oil to bread worsened the already unbearable situation of the people. The issued statement read:

"It is not a prophecy to say that the price hikes starting with fuel oil and bread will spread like wildfire first to basic foods then to all other areas.

"The government has ruthlessly set out to take back from the low and fixed-income groups in heaps what it has given them in drops. The price hike rush is the first step of this ruthless operation. It is obvious that new methods will follow the first undertaking.

"We believe that the day of reckoning is near when our workers, who do not even have a roof over their heads, who cannot feed their families two meals a day let alone three and who are locked out at the slightest request for their rights, will ask this system to settle the account. And unless this is done, the bills will always be paid by low and fixed-income workers and laborers."

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CSO: 4654/359

## BRIEFS

USSR PERMANENT EXPORTS SHOW--"Vneshtorgreklama" is the Soviet advertising organisation which has the task of arranging for the presentation to the Cyprus business circles of the Soviet goods those already supplied and others that can be supplied to this market. There is a permanent show of some samples, catalogues and leaflets for the Soviet-made goods prospective to the developing economy of the island. We arrange advertising films, shows, answer enquiries concerning proper Soviet foreign trade organisations to be contracted with as well as undertake the advertising of Cyprus products in the Soviet Union. The USSR Trade Representation is always ready to assist you and other interested businessmen or companies in establishing mutually beneficial relations with the appropriate Soviet Foreign Trade Association. You can obtain any information concerning goods exported by the Soviet Union at the address: 10 Gladstone Street (along the same street as the Soviet Embassy's) Tel. 74235, 74285, Nicosia. [Text] [Nicosia CYPRUS MAIL in English 30 Jun 82 p 4]

LARNACA-LATTAKIA HYDROFOIL ROUTE--The distance from Larnaca to Lattakia is reduced to a mere 3 hours and 45 minutes with the hydrofoil service provided by the "E. & V. Flying Dolphins Ltd" and the journey is anything one could have wished. The ten-member crew spares no effort to see that passengers are happy and duty-free arrangements and a bar on board complement the modern facilities. The hydrofoil can take many as 120 passengers and Cypriot journalists were able to verify for themselves high standard of travel service offered. Things were explained by the Managing Director of E & V Flying Dolphins Ltd, Mr E. Economides, who accompanied the guests. The visit to Lattakia itself was in itself a pleasant and unique experience. A historic city and a shopping paradise, particularly for the Cypriots who can pay in Cyprus currency which the Lattakia seem to prefer over American dollars. Mr Economides spoke of the possibility of connecting Larnaca with Tripoli and Beirut if and when circumstances permit. Asked about the possibility of a connection between Larnaca and the Greek mainland, Mr Economides did not rule out the possibility. [Text] [Nicosia CYPRUS MAIL in English 1 Jul 82 p 3]

CSO: 4600/666

## GREENLAND TRADING COMPANY REGISTERS LOSS

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jun 82 Sect II p 6

[Article by Erik Bendt Rasmussen]

[Text] In 1981, the Royal Greenland Trading Company [KGH] had sales of 2.2 billion kroner compared to 1.8 billion the year before. KGH received 190 million kroner in state subsidies. KGH revenues come from supply services, production activity, the sales organization, transportation, the Greenland Postal Service and airport and hotel activities in Sondre Stromfjord.

The production activity and the sales organization received the largest individual subsidy, namely 78.6 million kroner. The production activity consists of eight factories and they received 56 million kroner in subsidies compared to 45 million kroner the year before. The KGH-owned trawler fleet gave a deficit of 28 million kroner.

The annual report reveals that the deficit is due to sharp wage increases (about 20 percent) and oil price increases (around 24 percent).

The KGH supply service is required to insure that Greenland is supplied with consumer goods and commercial equipment. Private trade and cooperatives have gradually taken over half of this market. KGH is required to make sure that small towns and rural districts also get supplies, however.

In 1981 the supply service sales amounted to 1.2 billion kroner, of which half represented wholesale sales to artisans and industries. The supply service had a deficit of 5 million kroner which was paid for by a state subsidy.

KGH stores had sales of 270 million kroner, including ships' provisions. The factories sold 413 million kroner worth of goods compared to 368 million kroner the year before. The products are salted and dried fish, hides, cod products, shrimp, Greenland halibut, catfish, salmon, etc.

The Greenland Sales Organization is responsible for the sale of all the products produced by KGH's own enterprises. In 1981, the sales of the



organization came to 579 million kroner--294 million kroner for shrimp sales alone. Denmark is the largest purchaser with 203 million kroner, the United States comes second with 88 million kroner and England comes third with purchases worth 68 million kroner.

The KGH annual report is very detailed with lots of figures for individual activities--even balance sheets for each trawler and store. But unfortunately the annual report does not contain any business views or future assessments.

Under status of the company, it shows that KGH's total assets and liabilities balance with 2.3 billion kroner. The liabilities consist of debts to various creditors totaling 132 million kroner and a debt of 2.2 billion kroner to the Finance Ministry. This means that 94 percent of the activities are financed by Denmark.

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CSO: 3106/134

## ECONOMY'S ABILITY TO SUPPORT 'SOCIALIZATION' QUESTIONED

Athens BUSINESS &amp; FINANCE in English No 201, 3 Jul 82 pp 6-10

[Article by Matthew Horton: "The 'Scissors' Between Expenditure and Revenues"]

[Text] Whether Greece can afford a program of heavy "socialization" is questionable, given the grim state of the country's economy. A softening of the Prime Minister's political stand and his adoption of a more moderate economic line seem to indicate that he is hoping a stronger economy will support his social reforms.

**W**hen Prime Minister Andreas Papandreou talked about inheriting "chaos and bankruptcy" from the previous government he was not being entirely bombastic.

In the months preceeding the general elections last year the New Democracy Party, like any other party vying for re-election, made great efforts to soften the harsh colors of the picture of the Greek economy and to cull favor with the electorate. A buy-now, pay-later policy was pursued, with the result that when Papandreou arrived in office, he really did find empty coffers. The public sector deficit for 1981 broke all previous records, and foreign borrowing left little in the Bank of Greece beyond normal reserves.

Between 1978 and 1981, the gross national product declined, inflation rose to about 25%, the current-account deficit doubled to 6.5% of the GNP and the public sector deficit increased to 17% of the GNP.

Given the grim state of the Greek economy and expectations of little or no growth in 1982, one wonders whether or not Greece can yet afford a program of heavy "socialization." That the Prime Minister has softened his political stand and has adopted a more moderate economic line seems to indicate that he, at any rate, is hoping for a stronger economy to support his social reforms.

Papandreou has repeatedly stressed that Greece's problems are unique, and therefore require a unique socialism. If he is able to keep a tight reign on his party, it may well be that, with the occasional concession to the left-wing of PASOK and the implementation of social reforms — the neces-

sity of which can hardly be doubted — Papandreou will execute a much more conservative economic policy than that which most people have been expecting.

Government expenditures, in accordance with a policy of "economic recovery under conditions of social justice," will increase by about 34%, compared with those of 1981. Increased funds have been projected for local authorities, social services, transportation, culture and science, education and religion and national defense.

If the government manages to boost state revenues by 58.3% of which 60% comes from indirect taxes and only about 25% from direct taxes, then the budget deficit should actually show a small decrease of about 5% according to the government. The latest figures show that state revenues for the first quarter of 1982 were only 40% higher than last year -- at 111 billion drs. as against 79.5 billion drs. in the corresponding period of 1981. With a 9.3% increase in expenditures for the first quarter this year, and with further increases expected, this does not seem to be too encouraging.

The government has staked a great deal on increases in both direct and indirect taxes. The recent tax legislation provides particularly for tremendous hikes in indirect taxes: stamp tax went up 50%; turnover tax on non-basic items went up about 6.7% to 50%; a turnover tax was imposed on tobacco products; tax on lubricants went up 100%; large increases in the tax on malt and consumption taxes on alcohol and alcoholic beverages were imposed, as well as a 25%-30% increase in the consumption tax on radios, tape recorders and high-fidelity equipment, a 25% increase on video products and a 100% increase on color televisions. There also were a number of important increases in direct taxes.

"A buy-now, pay-later policy was pursued, with the result that when Papandreou arrived in office, he really did find empty coffers."

With little domestic capital activity, high interest rates on the international market, depreciation of the drachma, stagflation and relatively low revenues, the public sector borrowing requirement (PSBR), which accounts for 50% of Greece's total economic activity, may force Greece into a large foreign debt and depletion of reserves. Last year, official borrowing amounted to \$1.2 billion and reserves sank below the \$1 billion level.

Balanced books in 1982 seem even more unlikely when one considers that Greece's three largest earners of foreign exchange (shipping, tourism and workers' remittances, in order of size) do not look as though they are going to spring to the country's aid. The revenues from shipping were down 8.6% in March, much to the government's consternation, and ship-owners are not optimistic about an end to the shipping crisis.

Shipowners have long been advocating an increase in the percentage of foreign seamen working aboard Greek ships as one of the most effective means with which to cut costs and increase the competitiveness of the Greek fleet. If the government acquiesces to the shipowners' request, then even more foreign currency will be lost in the short term.

Despite fluctuating figures, 1982 looks as if it will be a bad year for tourism. Workers' remittances, which between 1979 and 1980 dropped 6.8% and between 1980 and 1981 dropped 4.34%, showed a 5.5% drop in the first three months of this year compared with the corresponding period of 1981. Invisible earnings have hardly made a dent in the chronic trade deficit, as the table shows.

#### Balance of payments (in million dollars)

	1980	1981	% change 80/81	1982(est.)
Imports	10,903	11,423	4.8	11,000
Exports	4,094	4,750	16.0	4,800
Trade balance	-6,809	-6,673	-2.0	-6,200
Invisible earnings	6,158	6,477	5.8	6,500
Current account deficit	-2,217	-2,396	8.1	2,100

Net revenues from the EC amounted to \$148 million in 1981 and are expected to be well over \$700 million in 1982.

According to the principle of redistribution of wealth, it should be the higher income earners who bear the greatest burden of social reforms and government expenditure. As yet, the government has neither managed to crack the much publicized oligarchy of five or six families which is supposed to control so much wealth in Greece, nor has it put through any effective legislation for squeezing the rich.

Of course the government is trying to close the gap between the rich and the poor, and the 1982 incomes policy was a step in that direction. However, the only real beneficiaries from the law were public employees, and the private sector was given nothing more than guidelines.

Although the unemployment rate in Greece is quoted as being the lowest in the EC, it is actually rising. The government has expressed concern about increasing unemployment, concealed unemployment, particularly in small commercial and manufacturing enterprises, and underemployment in the agricultural sector.

Papandreou must soon find that the problems of the public sector financing will hold up the progress of some of his programs. He does not seem, however, to have developed a clear strategy with regard to filling the government's coffers.

The Prime Minister pushed through the unpopular but politically courageous increases in public utilities, thus de-

creasing the burden of the government's share of the Public Power Corporation's bill. This, and the large increases in indirect taxes, should ease the public-expenditure deficit. However, these measures are in direct contradistinction to socialist philosophy, because they affect everybody equally and tend to create more difficulties for the lower income earners, rather than for their richer compatriots.

On the one hand, Papandreou is trying to encourage private investment in Greece — although the terms for foreign investors are not really clear or beneficial enough, potential investors say. And, on the other hand, he talks about the socialization of various key industries and state participation in large foreign concerns.

"As yet, the government has neither managed to crack the much publicized oligarchy of five or six families which is supposed to control so much wealth in Greece, nor has it put through effective legislation for squeezing the rich."

The incentives policy, it seems, will cause the government to spend a lot of money on local industry without attracting the added benefits of foreign investment. As the OECD report pointed out recently, there can be little hope of sustained growth without the development of "genuinely competitive import-substitution industries."

In the face of all the economic ills which beset the Greek economy, the government continues to buoy up the country by artificial means. The economy has always been under unusually tight control for a Western country, and there are few signs of the government loosening its grip.

Some progress was made in reducing the strict control during the previous government's term in power. The banking and financing systems were partially liberalized, price control was relaxed slightly, and there was talk of abolishing foreign exchange controls and joining the European Monetary System.

Strict control of the economy must eventually disappear as Greece aligns itself with the larger, more modern and free-trading economy of the EC. Tariffs and quotas between Greece and the EC are yet to be eliminated, and for third-country products they are yet to be adopted. By 1986, capital eventually will move freely between Greece and the other nine EC members.

It is perhaps at this stage, when the economy has been freed, that it will pick up and the government's coffers might then fill up.

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## BANKS: SLOGGING IT OUT

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**T**he bank strike, now in its fifth week, is without question the leading domestic problem of the moment. Both sides seem to be digging in and management, in an obvious effort to win further public support against the strikers, has made public the salaries paid to various ranks of employees of the National Bank of Greece, the largest Greek bank which, like most others, is state-owned.

The list given below shows bank clerk employee salaries to be way above anything paid for similar work requiring similar qualifications in other concerns.

The first figure shows salaries prior to deduction of tax and the figures in brackets are what the strikers are demanding:

- Manager with university degree, 167,400 drs. (177,600);
- Manager without university degree, 152,500 drs. (164,500);
- Assistant manager with university degree, 108,800 drs. (117,100);
- Assistant manager without university degree, 99,400 drs. (107,200);
- Department chief "B" with university degree, 57,900 drs. (73,600);
- Department chief "B" without university degree, 50,600 drs. (68,200);
- Accountant "B" with university degree, 39,400 drs. (56,300);
- Accountant "B" without university degree, 33,900 drs. (50,000);
- Accountant on probation 19,200 drs. (29,800).

All in all neither the salaries nor the increases demanded may be considered exorbitant for people who have invested anything between 5 and 10 years for a university education.

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## RATES STILL HIGH

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**O**n June 16, Apostolos Lazaris, Minister of Coordination, denied any

intention on the part of the government to lower the bank rate. He admitted that loans from banks were very expensive and that business firms faced serious financing problems on this account. He pointed out, however, that inflation remained high, rendering a negative real interest on bank deposits. For this reason they were compelled to charge high interest rates. Lazaris avoided holding out any hope of an early reduction in the bank rate. Logically, this implies that he does not see any short-term likelihood of a worthwhile decline in the rate of inflation in Greece. Readers will remember that the government had said it would keep it to something below 20% for 1982.

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## BODOSSAKIS IN RED

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**A** look at balance sheets published recently for the 1981 business year by companies belonging to the Bodossakis Group is of interest. In 1980 they ran up a deficit of some 350 million drs. In 1981, results for the group as a whole showed a deficit of nearly 1,000 million drs.

Those badly "in the red" were:

- |                             |                        |
|-----------------------------|------------------------|
| — Powder & Cartridges SA    | 951 mil. drs.          |
| — Larco (Larymna Nickel) SA | 866 mil. drs.          |
| — Wines & Spirits SA        | 112 mil. drs.          |
|                             | <u>1,929 mil. drs.</u> |

Net profits were earned by:

- |  |                      |
|--|----------------------|
| — Chemical Products and Fertilizers SA | 893 mil. drs.        |
| — Owens Hellenic Glassmills SA         | 21 mil. drs.         |
| — Laiki Insurance Co. SA               | 56 mil. drs.         |
|  | <u>970 mil. drs.</u> |

Since the death of the industrial tycoon and founder of these concerns, Bodosh Athanasoglou (Bodossakis), who supervised their management until a very advanced age, and, in his will, converted them into a foundation, they began to accumulate operational losses now totalling 4,000 million drs. while total debts owed by the group are close to 16,000 million drs. This is equivalent

to about 1.5% of the 1982 National Budget.

In the meantime the government has ordered its creditor banks to foreclose on Larco and to take 80% of its equity as part settlement of the company's debts to them. Thus, the firm has been virtually nationalized. This is not in any way nationalization of a private concern by a socialist government. The banks under any government could have foreclosed and taken the company over under normal procedures practiced in most western countries.

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### TACKLING THE MIDDLEMEN

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**T**he government has come to the conclusion that there is widespread profiteering, in addition to tax evasion, in the locally produced fresh fruit and vegetable trade. This is no new discovery. It was common knowledge that there was an unjustifiably broad margin between what the grower received for his products and the final price the householder had to pay the retailer. What had not happened in the past is being attempted now.

Reportedly the Ministry of Trade is preparing to set up distribution warehouses from which retailers will be able to buy their needs direct from the agricultural cooperatives which will be supplying these depots. This, it is hoped, may cut out one or more sets of wholesalers and middlemen in the trade. It is also intended to organise work teams at the Ministry of Trade whose task will be to work out cost prices and the latter will serve as a basis for calculating the guaranteed minimum prices payable to the growers. A fixed profit margin will then be set on whatever prices are fixed, irrespective of how many times the goods change hands. The more often this happens the smaller the share of the profit margin for each handler.

It is also intended to construct more refrigerator facilities so that pressure on markets from seasonal gluts can be regulated and controlled. State hos-

pitals, foundations, institutes and military establishments will be called upon to acquire their supplies direct from the cooperatives.

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### RIGHT MOVE?

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**L**ast week, both the Minister of Coordination and the Minister of Industry and Energy gave an assurance that there would be no increase in the retail prices of petroleum products in Greece despite the fairly sharp rise in the value of the dollar against the drachma, among various other currencies.

The petroleum handling account in the first five months of 1982 had shown a surplus of 15,000 million drs. The surplus for the entire year had been estimated at 5,000 million drs. Because of this encouraging result, the account could easily absorb the extra burden imposed by the higher U.S. dollar parity (all Greece's oil imports are paid for in dollars). Conversely, retail oil prices in Greece were not lowered when, a few months ago, OPEC lowered its basic oil prices because, at the same time, the value of the dollar was climbing and the one trend cancelled out the other.

Some economists, however, would argue that now is the time to put up the price of oil in order to encourage the trend toward energy conservation. Economic sense, though, rarely walks hand in hand with political sense.

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### FARMERS DOING WELL

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**G**uaranteed minimum prices for cereals have been announced to the Greek farming community, as follows (all prices are in drs. a kilo):

Soft wheat: 16.10 drs. for growers in mountainous districts whose arable land does not exceed 5 hectares and 15.32 drs. for those in the plains with similar holdings. Those in the plains owning more than 5 hectares: 14.10 drs.

Hard wheat: 23.96 drs. for cultivators in mountainous areas and 20.82 drs. for those in the plains.

Barley: for cultivators in mountainous districts with up to 5 hectares 15.90 drs. to 16.24 drs.; for those owning more than 5 hectares 15.87 drs. to 15.50 drs; cultivators in the plains owning under 5 hectares, 14.24 drs. while those in the plains 13.74 drs.

Maize: a straight 14.34 drs.

Oats: a straight 15.20 drs.

Rice and small grain: 20.39 drs.; medium grain, 23.59 drs.; large grain, 24.87 drs. and for the Bluebell variety, 26.79 drs.

In announcing these prices, the Minister of Agriculture said that the underlying policy had been to give as much assistance as possible to small-holders. (Most of the small-holders are to be found in hilly and mountainous country.)

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## A SEA OF BEER

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**B**rewers throughout Greece are not very optimistic regarding their prospects for 1982. Higher taxation resulting in higher retail prices for beer have affected consumption. Thus an anticipated 10% increase in consumption will turn into a probable 20%-30% decline as compared with 1981 consumption. Amstel-Heineken hope to remain on top achieving sales equal to those of last year. Heineken-Kaiser felt they also will manage to equal 1981 figures.

Carlsberg, a newcomer to the Greek market, admits it will have to fight for a place among the entrenched veterans. Lowenbrau hopes to capture 12% of the market, according to the Greek Food & Beverages Magazine. Fix-Spatten, under new management and with fresh credit for operating funds, hopes to recover lost ground.

All companies are in agreement that it is going to be a difficult year.

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## EXPORTING STEEL

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**A**fter a meeting between the Greek Deputy Minister for Industry and Energy, Dimitris Pitsioris and his Yugoslav opposite number, Mr. Pondunavatch, it was announced that the Yugoslav side was interested in acquiring steel sheet and concrete reinforcement rods from Greece. Both products are in plentiful supply here. Pitsioris has asked representatives of the Greek steel industry to confer with him on the best means for exploiting this trade opening created by the latest bilateral talks at government level with the Yugoslav trade mission which visited Greece last week.

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## PARITY FOR THE DRACH

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**G**reeks were cautioned not to worry about the rapidly rising U.S. dollar, but to look instead at the parity the drachma will maintain with European currencies, according to an announcement by Bank of Greece governor Gerasimos Arsenis last week. Arsenis said the drachma will maintain parity with European currency — especially the German mark — but will rise and fall freely according to fluctuations of the dollar.

Arsenis said the drachma should not be viewed as devalued against the dollar. Rather, he said, the dollar itself is rising because of high U.S. interest rates and the prevailing political worldwide situation, especially in the Middle East. The dollar, he pointed out, has risen dramatically recently even against such "hard" currencies as the yen and the German mark.



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## TOURIST REVENUES UP

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**T**ourist exchange during the first four months of this year rose 5.9% against the same period in 1981, according to Stelios Panagopoulos, secretary general of the National Tourist Organization of Greece. Panagopoulos also said tourist arrivals for the period increased by 1.3%.

For the first three months, \$179 million was gained, as compared with \$169 million last year. Between January and April, 854,887 tourists visited Greece, compared to 844,302 arrivals during the corresponding period of 1981.

Topping the list of arrivals — despite the war in the Falklands which caused many cancelled airline tickets — were the British, followed by West Germans, Yugoslavs, U.S. citizens and French residents. Earlier in the year, American visitors were in third place — even then presenting a decline in numbers over 1981.

CSO: 4600/661

## FUTURE OF OIL OPERATIONS IN AEGEAN DISCUSSED

Athens BUSINESS &amp; FINANCE in English No 201, 3 Jul 82 p 24

[Article by Patricia Wren: "Greece Wants Control of Her Oil Deposits"]

[Text]

The Greek state intends to control all future oil-research and oil-drilling operations in the Aegean Sea, and has suspended licenses for all firms not actually dealing with confirmed deposits, according to remarks made June 24 to foreign press members by Minister of Industry and Energy Anastasios Peponis.

Peponis earlier last week made public a letter to four foreign oil-research firms, asking that they appoint representatives to begin negotiations to revise agreements regarding their work in the northern Aegean. The original agreement had been signed in 1975.

Peponis' letter and statements last week declared that the Greek Public Petroleum Corporation should have a say regarding oil deposits in the sea. Further, Peponis asserted that simply because an oil-exploration firm agrees to explore and research for the state, such work does not give the company any rights to Greek oil.

"Until there are positive results from the negotiations, we will allow no new research or development in the Aegean," he said. "Our target is to make (the state oil corporation) autonomous as soon as possible. We will allow no concessions as to rights for foreign companies regarding oil deposits."

It was for this reason, Peponis said, that the state did not ratify a contract

with Shell Oil Co. last November, though it did sign an agreement with an unnamed U.S. geophysical firm for research near Prinos. That research, however, will become "the exclusive property of the Greek Public Petroleum Corp.," he said.

Drilling currently is going on to the east and west of the island of Thassos. A second drilling operation planned east of Thassos has been halted, along with the foreign rights granted in 1975 to prospect and exploit the oil deposits.

Peponis told foreign newsmen that Greece has reached a "decisive turning point" in the energy sector, and that it has become imperative to strive for energy self-sufficiency, development of local energy sources and promotion, including importing, of new sources not previously used in Greece. The state does not, however, intend to include nuclear energy in any of its plans.

Among energy sources to be investigated or utilized, the minister said, are solar energy, minerals, lignite gas, hydroelectric power, peat and natural gas.

As for peat, Greece has an extremely large deposit at Phillipi, near Kavala, and is studying how best to make use of it, Peponis said. The state may decide,

however, to wait for improvements in technology before utilizing the resource.

Greece, the minister lamented, is the only country in Europe that does not make extensive use of natural gas. To that end, a naphtha plant will be established to serve the Athens area, but eventually natural gas will be available throughout Greece.

Touching upon a number of other subjects as well, Peponis said that a study undertaken by the president of the Commercial Bank, which attempts to determine which are the growth industries of Greece, will take another three or four months to complete. He also said that technology Greece intends to import would be used to process new industrial units or update old ones. "The question is not what we can import," he said, "but what is best for our country. There is no question of inhibiting technology imports."

Peponis also refused to confirm whether he is in agreement with Housing, Planning and Environment Minister Antonis Tritsis regarding the numbers of industries to be closed down or suffer reduced production this month and next in order to reduce air pollution. "There is no specific ministerial policy," he said. "The policy is governmental." And with only one (unnamed) exception, Peponis added, industrial associations are in agreement

with the cutbacks and closures.

Finally, in regard to the early June announcement of the National Statistics Office that 64 new factory licenses were granted by the state in January, Peponis acknowledged that 22 of them are in the Athens area. However, most of the latter are small industries such as bakeries and handicraft manufacturers, which are not considered major polluters.

Nevertheless, the minister said, the state intends to be much more strict regarding granting of future licenses, and intends to reduce those numbers.

Energy Undersecretary Dimitris Pitsioris explained that the decree (Law 791) under which the factories were established contains a loophole which allows factories not only to modernize but to transfer their plants from one "overloaded" area to another.

To this end, the government is preventing "excessive extension of large units," and is granting licenses only to those factories which employ 30 or fewer persons and are considered non-polluters. New provisions for industrial units in the Attika area will be announced by Peponis once the state's new environmental program is approved by Parliament at the end of the year.

## BRIEFS

CURRENT ACCOUNT UP--The Hague, June 25--The current account of the Dutch balance of payments for the first quarter of 1982 was 3.6 billion guilders in surplus on a transaction basis, adjusted for seasonal influences, Finance Minister Fons van der Stee told parliament in a letter today. This was 0.3 billion guilders up on the final 1981 quarter. The improvement was wholly due to commodity trade which showed a surplus of 4.7 billion, with exports and imports dropping by 4% and 5%, respectively, in value terms. Unadjusted invisible trade (services and capital revenues) was 1.1 billion guilders in the red, mainly due to a hefty drop in services. On a cash basis the unadjusted current account surplus was 4.8 billion guilders in the first quarter, against which there were 4.1 billion guilders' worth of capital exports. Dutch investments abroad amounted to two billion guilders, more than half going to the United States. Direct foreign investment in Holland dropped by 0.9 billion. Trade in securities resulted in a 500-million-guilder outflow of capital, the first since 1976. Total transactions in the non-monetary sectors yielded a surplus of 1.1 billion, compared with a 0.4-billion surplus for the year 1981. Official reserves rose by 2.3 billion guilders due to foreign exchange interventions, the finance minister's letter said. [Text] [The Hague ANP NEWS BULLETIN in English 26 Jun 82 p 1]

CSO: 3120/77

## INDUSTRIAL EXPORTS UP; AGRICULTURAL PRODUCTS FALL OFF

Istanbul CUMHURIYET in Turkish 19 Jun 82 p 6

[Text] Turkey's total exports for the first 4 months of this year have increased by 27.5 percent in comparison with the corresponding period for last year and have reached 1,706,000,000 dollars. Once again, the lion share of this increase was taken up by the industrial sector. Industrial sector exports during the January-April period increased by 67 percent in comparison to last year and reached 918,000,000 dollars to represent nearly 54 percent of total exports. As it may be recalled, last year represented the first case in which exports of industrial products exceeded exports of agricultural products.

In contrast to the great increase in exports of industrial products, agricultural exports during the first 4 months of this year were not even able to attain last year's level and registered a 6 percent decline to remain at 653,000,000 dollars. Exports of animals and animal products increased at a rate even greater than the rate of increase for industrial exports. Exports of live animals increased by 719 percent in comparison to the first 4 months of last year and exceeded 60,000,000 dollars. According to figures provided by the state statistical institute 52,995 steer worth 31.4 million dollars, 160,083 sheep worth 18.5 million dollars and 126,763 goats worth 10.3 million dollars were exported during this period.

Among agricultural products, exports of grain declined by 35 percent in comparison to last year and fell to 41,000,000 dollars. Among agricultural products that are important to industry, tobacco exports registered an increase in total amount as well as in value while exports of cotton increased in amount but significantly declined in value. Traditional export products such as nuts and dry raisins also gave evidence of significant export setbacks.

While exports of products from mines and stone quarries declined by 17 percent in comparison to exports of such products during the first 4 months of last year and remained at 51.5 million dollars, very large proportional increases have been registered in certain industrial subsectors. As the cement industry led the way with a 529 percent increase in exports it was followed by a 511 percent increase for products of the forest industry, a 398 percent increase for electrical appliances and tools, and a 268 percent increase for glass and ceramic products.

The subsector represented by the textiles industry accounted for the largest share of export increases within the industrial sector with a 37 percent increase in exports. Specifically, significant increases were registered in exports of carpets and rugs, clothing and synthetic thread. Exports of cotton thread amounted to 67,000,000 dollars. This represents a slight decrease over last year's figure.

#### Distribution of Exports for First 4 Months

	<u>1981</u>	<u>1982</u>	<u>Percent Change</u>
I. Agriculture--Animal Husbandry	724.9	736.8	+ 1.7
--Plant Products	698.4	652.4	- 6.4
--Animals--Animal Products	15.6	71.3	+357.1
II. Minerals--Stone Quarries	62.1	51.5	- 17.1
III. Industrial Sector	550.4	918.4	+ 66.9
--Agriculture Based	110.2	142.9	+ 29.7
--Processed Petroleum Products	10.8	41.8	+287.0
--Industrial Products	429.4	732.7	+ 70.6
--Cement	18.0	113.3	+529.4
--Chemistry	33.3	29.3	- 12.1
--Rubber--Plastic	16.9	20.1	+ 18.9
--Leather--Stout Leather	20.0	26.7	+ 33.5
--Forestry Products	1.8	11.0	+511.1
--Textiles	200.1	287.4	+ 37.4
--Glass--Ceramics	26.2	36.1	+ 37.8
--Iron--Steel	19.3	74.5	+286.0
--Metallic Goods	5.2	9.0	+ 73.0
--Machine Industry Products	16.7	33.7	+101.7
--Electrical Appliances and Machines	4.2	20.9	+397.6
--Vehicles	28.2	40.4	+ 5.8
--Non Ferrous Metals	11.1	11.7	+ 5.4
--Others	9.2	18.1	+102.2
	1,337.5	1,705.7	+ 27.5

[Figures seem to be in millions of Turkish liras although there is no indication to this effect]

9491

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## EQUIPMENT DISAPPEARANCE MARS RURAL DEVELOPMENT PROJECT

Istanbul MILLIYET in Turkish 14 Jun 82 p 8

[Article by Emin Colasan: "Equipment for Corum-Cankiri Project Lost"]

[Text] Ankara--Interesting developments have occurred in the implementation stage of the Corum-Cankiri Rural Development Project, the financing for which was obtained through \$75 million in credit provided by the World Bank. Many of the vehicles and large machinery with its special transport vehicles which were purchased expressly for use in Corum and Cankiri for the project "have disappeared."

While no one has any idea of where these vehicles and machines are, the World Bank has demanded in official letters sent to the Turkish government and in oral discussions as well that they be found immediately or "the necessary procedures cannot be carried out." In 1978, \$1.5 million was paid for these vehicles and other equipment which are nowhere to be found today.

The agreement on the Corum-Cankiri Rural Development Project signed by the Turkish government and the World Bank was published in the RESMI GAZETE and went into effect at the end of 1975, but the project was delayed for a year owing to lack of cooperation between the organizations concerned and it was the end of 1976 before implementation was begun. The agreement called for completion of this \$75-million project within 5 years, though the completion period was extended 2 years at the end of 1981 as the investments required could not be made.

There are 16 vehicles purchased for the livestock artificial insemination program and 60 pieces of large machinery with their special transport equipment belonging to the TEK [Turkish Electric Power Enterprise] which cannot be found, while the matter has been turned over to the Office of the Prime Minister at the insistence of the World Bank. A letter, number 1838 dated 19 April 1982, which bore an "urgent" caveat and was sent to the Office of the Prime Minister and the Finance Ministry over the signature of SPO [State Planning Organization] Undersecretary Yildirim Akturk, said: "The vehicles and other equipment obtained within the framework of the project as required by the directorates general of the TEK, YSE [Highways, Water and Electric Affairs] and Veterinary Affairs were sent to the project area." However, although SPO Undersecretary Akturk signed the letter which was sent to the Prime Ministry, it has been learned that he was given inaccurate information

by his own experts and the authorities of other organizations concerned and that the aforementioned complement is not at the project site. In fact, we were told during interviews in Corum and Cankiri Provinces and at other organizations concerned that this equipment was not in the area, that it had never even been brought to the area and that the authorities did not know where it was. In the latest development, the World Bank sent a telex to the organizations concerned requesting that the motor and chassis numbers of this equipment be reported.

Meanwhile, the World Bank is insisting that this equipment, which is lost and whose whereabouts is unknown, be found immediately and sent to the project site in accordance with its agreement with the Turkish government. The latest "Evaluation and Oversight Commission Report" prepared by E. Roell and H. Eisa, the two authorities on behalf of the abovementioned organization, says in this regard:

"The company vehicles and drilling equipment promised by the TEK for use at the project site have not yet been brought to the site. Our committee regrets that the vehicles and equipment which the committee was promised earlier would be brought to the site are not yet at the site. This situation closely concerns the project and especially the affairs of such organizations as the YSE, the TEK and the Artificial Insemination [organization], which have failed to meet their targets. Should the vehicles and equipment not be returned, our committee shall recommend to the World Bank that payments to these organizations be halted temporarily."

Another interesting development in the Corum-Cankiri Rural Development Project was the discovery that the contracting firm on the Corum Irrigation Diversion Project was a company belonging to a recently-liquidated broker. It was learned that this broker went into the World Bank project saying, "This has got to be good, the World Bank won't fail in its payments," but now he is involved in liquidation procedures. The relationship between the local broker and the World Bank project is now being investigated from the legal standpoint at the organizations concerned and a solution is being sought in this unprecedented situation. Meanwhile, the Corum diversion project has had to be halted because of the broker's liquidation.

The irrigation problem which forms the backbone of the World Bank project is nowhere near being solved despite the 5-year interval, as the canals for the Corum Irrigation Project on which construction was begun according to a feasibility study done in the 1960's have ended up in the center of a residential district where the city expanded in that direction. The expenditure of millions more liras is under consideration to extend these canals which are now useless.

Some of the irrigation ponds and small dams built by the DSI [State Hydraulic Affairs Directorate General], meanwhile, have been completed but their irrigation canals have not.

Some of the major work was supposed to be completed in 1978 by DSI according to the project schedule, but it was not able to put them up for bids until



that year. Also, many baths and laundry facilities built under the scope of this project are standing vacant. Using them for onion storage is under consideration.

A World Bank delegation arriving in Ankara on 22 June will stay here a month to discuss in detail the cause of the organization's primary complaints, the Corum-Cankiri Rural Development Project. The search for the missing equipment goes on, as their status will be discussed along with the other problems.

8349

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## SUPPLEMENTAL INDICATORS TO BE ADJUSTED

Istanbul MILLIYET in Turkish 12 Jun 82 p 8

[Article by Rafet Genc: "Supplemental Indicators Being Reset"]

[Text] Ankara--The bill on paying civil servants a 60-percent hike on MEYAK [Government Employees Mutual Aid Society] deductions in four equal installments by May 1984 was sent to the Consultative Assembly yesterday. The total deductions amount to 30 billion liras, it was announced by the Finance Ministry. With the 60-percent hike, the state will be paying a total of 48 billion liras in four equal installments to those who qualify. The bill calls for state civil servants and retirees to pay 20 percent of out-patient medication costs and revises the supplemental indicators, setting the supplemental indicator for undersecretary, governor and security general director at 600 and the indicator for Ankara, Istanbul and Izmir security directors at 500. The bill also provides for compensation payments to TV and Radio Administration employees of no less than 60 percent of the salary they receive and not to exceed the top state civil service salary including supplemental indicator.

According to the bill, the special account for MEYAK deductions at the Central Bank will be turned over to the Treasury and interest paid on the Central Bank account as of 1 March 1982 will go into the account. All matters having to do with the refund of MEYAK deductions will be exempt from fees and duties and will be administered by the Finance Ministry.

## Supplemental Indicators

The bill unties the supplemental indicators from billet grades and bases them on salary levels, thus ensuring that some civil servants and therefore retirees whose merit increases have put their salary level higher than their billet grades will benefit from the supplemental indicators also. The new indicators are arranged as follows:

--For personnel whose billets come under general administration services, the figures opposite the job descriptions in the tables annexed to the billet law are in this category but have no supplemental indicators for the billets. For these, a supplemental indicator of 100 will be given to grade 3 billets, of 150 to grade 2 billets and of 200 to grade 1 billets.

--For personnel whose billets are in technical services and who, according to current regulations as graduates of faculties and colleges offering at least 4 years' higher education, are in job descriptions as master engineer, master architect, urban planner, regional planner, geologist, hydrologist, hydro-geologist, geo-physicist, physicist, mathematician or chemist, those personnel receiving salaries at a step in grades 7 and 8 will be given a supplemental indicator of 100, those receiving salaries at a step in grades 5 and 6 will be given a supplemental indicator of 150, those receiving salaries at a step in grades 3 and 4 will be given a supplemental indicator of 200, those receiving salaries at a step in grade 2 will be given a supplemental indicator of 300 and those receiving salaries at a step in grade 1 will be given a supplemental indicator of 400.

--For personnel in health services billets holding job titles specialist physician, physician, dentist, pharmacist and veterinarian, as well as chemical engineers, chemists, holders of degrees in chemistry and biologists who are specialists in one of the major branches of medicine as defined by the Guide to Medical Specialties, a supplemental indicator of 100 will be applied to those receiving salaries at a step in grades 7 and 8, 150 to those receiving salaries at a step in grades 5 and 6, 200 to those receiving salaries at a step in grade 4, 300 to those receiving salaries at a step in grade 3, 400 to those receiving salaries in a step in grade 2 and 500 to those receiving salaries at a step in grade 1.

For personnel whose billets are in this category but are not named above, supplemental indicator 50 will be given to those receiving salaries at a step of grade 4, 100 to those receiving salaries at a step in grade 4, 150 to those receiving salaries at a step in grade 2 and 200 to those receiving salaries at a step in grade 1.

--For personnel whose billets are in education and instructional services, it was deemed appropriate that supplemental indicator 100 be given to those receiving salaries at a step in grade 4, 200 to those receiving salaries at a step in grade 3, 300 to those receiving salaries at a step in grade 2 and 400 to those receiving salaries at a step in grade 1.

--For personnel whose billets are in legal services, supplemental indicator 100 has been given to those receiving salaries at a step in grades 7 and 8, 150 to those receiving salaries at a step in grades 5 and 6, 300 to those receiving salaries at a step in grades 3 and 4 and 400 to those receiving salaries at a step in grade 1.

--For personnel whose billets are in religious services, supplemental indicator 50 is assigned to those receiving salaries at a step in grade 3, 100 to those receiving salaries at a step in grade 2 and 200 to those receiving salaries at a step in grade 1.

--For personnel whose billets are in security services and who hold security rank, supplemental indicator 100 will be given to those receiving salaries at a step in grade 4, 200 to those receiving salaries at a step in grade 3, 300 to those receiving salaries at a step in grade 2 and 400 to those

receiving salaries at a step in grade 1. Supplemental indicator 500 will be given to Ankara, Istanbul and Izmir security directors and 600 to the security general director.

--For personnel whose billets are in civil administration services, supplemental indicator 150 will be applied to those receiving salaries at a step in grades 8 and 9, 200 to those receiving salaries at a step in grades 6 and 7, 300 to those receiving salaries at a step in grades 4 and 5, 400 to those receiving salaries at a step in grades 2 and 3 and 500 to those receiving salaries at a step in grade 1.

--For personnel whose billets are in national intelligence services, supplemental indicators not to exceed the coefficients shown in this article will be set by the prime minister.

8349

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## TIM-SE REPORT EXAMINES PUBLIC HOUSING CRISIS

Istanbul DUNYA in Turkish 21 Jun 82 p 5

[Text] A report entitled "Problems in the Construction Sector" has been prepared by the Turkish Employer's Union of Construction Contractors. (TIM-SE) The report states that "the housing shortage issue in Turkey is reaching greater dimensions with each passing day, compounding unemployment as well as the plight of people who cannot find a place in which to live." The report claims that "insidious anarchy is being bred within the context of the housing problem."

The report prepared by TIM-SE General Director Sami Sari and General Secretary Hasan Ozaydin takes the position that "while the public housing law is a great step towards a solution to the problem, it has become apparent at the first application of the law that it will not be able to surmount the giant proportions that the housing shortage has reached." The report states that "we must add the potential represented by the private sector to our resources in the war against the shortage of public housing."

The report indicates that in the past 50 years the public sector has been able to produce only 179,000 housing units while the number of housing units produced by the private sector during the same period has reached 643,749 and continues:

"In its present day format, the Law on Public Housing seeks to utilize public sector policies to make homeownership possible for groups such as government employees and members of the Social Security Administration. This is caused by the fact that in practice the law gives priority to organizations from the public sector and closes the door to the private sector's capacity to produce housing units. Nevertheless, public agencies are shifting to the private sector the actual construction of their projects. This approach is preventing the rebates provided by private sector construction contractors from reaching the homeowner as would be the case for construction projects undertaken within the private sector. As a result, the cost of each housing unit is being reflected to the purchaser or the credit holder through an increase ranging from 35 percent to 60 percent."

"Moreover, the practice of awarding contracts for housing units in groups of 200 to 750 falls contrary to the principle of free competition and prevents

the financial strength of private sector construction from having an impact on housing production."

"The financial resources of middle income construction contractors are not sufficiently large to allow participation in the process by which contracts for 200 to 750 housing units are awarded at one time. If such awards were to be made in groups of 50 housing units, the formation of mergers in the course of the awarding process would disappear and the utilization of the potential represented by middle income constructors would be made possible. This would allow the development of small lots and the redirection of private sector resources towards employment and infrastructure construction as well as the production of housing units."

"Given these facts, it is difficult to understand why the private sector's potential as a construction contractor, a potential which amounts to great sums, is being ignored. If the private sector were to be given the opportunity to benefit from funds for public housing, the millions at the disposal of the private sector would flow towards the production of housing units and great potential would be accumulated. We must add the potential represented by the private sector to our resources in the war against the shortage of public housing."

"The law on public housing has brought state control to housing. In its present form, the law can serve no purpose other than providing housing for government employees. We understand from data that has been provided by the State Planning Organization that while in the past 50 years the public sector has been able to produce only 179,000 housing units, the number of housing units produced by the private sector during the same period has reached 643,749."

"For years, the construction sector has been penalized with heavy taxes, bureaucratic obstacles, and the presumption that it represents a nonproductive investment. As if such penalties were not sufficient, an additional penalty is being imposed in that the private sector is being kept out of action by the law on public housing."

"The bringing of new vitality to the construction sector will necessitate a reorganization of tax laws as well as the bureaucracy. Fundamental changes that will modify the law on public housing in a manner that will make possible the utilization of the potential represented by the private sector will be required."

The report states that governmental construction remains a major stimulant to the construction sector and that construction contracts representing significant amounts can be found within the state's investment program for the year 1982. While the report indicates that this is cause for rejoicing within the construction sector, it also states that "high rebates applied to contracts awarded in early 1982 are cause for continued concern."

The report maintains that high rebates do not provide any benefits to the state or to construction contractors while causing delays as well as the

squandering of state expenditures. The report also states that although senior government officials have been briefed on the new law on contract awards, the construction sector is suffering from recently inflicted wounds because the changes that are being brought by the new law have not yet gone into effect. According to the report, the prompt review and updating of procedures and guidelines pertaining to the awarding of contracts would prove to be highly beneficial in the event of further delays in the adoption of the law proposal in question.

The report called for reorganization through new guidelines that will provide a true evaluation of construction contractors, enhance participation, bring the principle of appropriate pricing to contract awards and prevent the use of meaningless and makeshift documents.

"As our construction contracting services are repeatedly demonstrating skill and achievement in foreign countries, we have learned that some of our construction contractors have cast shadows upon positive developments. Construction contracting services at home as well as abroad are closely followed by our union. It is thought provoking that a loss of approval is being experienced by Turkish construction contracting services that have only very recently been brought to foreign countries and that have not yet reached desired levels. As no cooperation exists between Turkish construction contracting companies, these companies remain in competition in foreign countries as well as in Turkey. Instead, it is desirable that Turkish companies become competitive with foreign companies."

The TIM-SE report called for reorganization within the laws pertaining to construction contractors and for greater discipline. The report stated that chambers of construction contractors to be established in the future would make it possible to bring easy remedies to shortcomings and to bring domestic as well as foreign construction contracting services to desired levels through a healthier process.

The report states that TIM-SE viewpoints concerning this matter have not been espoused by the State Planning Organization but that plans for the establishment of "a Union as well as Chambers of Construction and Facility Contractors" had met with approval. The TIM-SE report indicates that the ministry concerned had not yet forwarded the law proposal pertaining to this matter to the State Planning Organization. The report continues as follows:

"Our proposal for the establishment of a Union as well as Chambers of Construction and Facility Contractors of Turkey should not be subjected to further delay and should become law after being acted upon by authorities in the pertinent ministries. As in every professional group, we have among our colleagues persons who are damaging or will damage our reputation. Our group should acquire the capability of overseeing itself through decision making, new organizational changes and the adoption of legal guidelines. Through the use of such means we are obligated to remove once and for all the shadows which for many years have tarnished our reputation."

9491

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## KASTELLI BROKERAGE CRISIS DRAWS EDITORIAL COMMENT

## Possible Damage to Economic Policy

Istanbul CUMHURIYET in Turkish 28 Jun 82 p 6

["Commentary" column by Yalcin Dogan: "Who Is Pressuring Whom?"]

[Text] "What can I do if people have recklessly deposited their money with their local brokers? What can the government do? Piles of worthless paper has been issued in exchange for the money deposited."

This is what Minister of Finance Kaya Erdem was telling the members of the Consultative Assembly in January this year in connection with the "brokers' incident" that began in December last year. On the other hand, when the minister began talking about Banker Kastelli, he said:

"However, if something is happening to Banker Kastelli, that is a different situation. Kastelli is selling certificates of deposit and marketing the banks' money. If Kastelli is threatened the government will intervene and do whatever is necessary."

Are we seeing the failure of an economic policy? Or are we experiencing the tremors of installing the 24 January [1980] decisions in place? Is this a sham fight? Or is this a transition period designed to help the large banks and holdings? All these questions can come to one's mind. There is only one connection that links Erdem's words in January with all these questions: How did last month's events come about? Since we cannot doubt the good will of the Minister of Finance, we can, perhaps, see the Kastelli incident from another angle if we list last month's economic events in their order of occurrence.

--Around the end of May, Deputy Prime Minister Turgut Ozal went to Malatya, where he said: "We will take important decisions concerning banks in the next few days. We will open up the banks to competition, but I cannot tell you the specific measures we will take to achieve that end."

--On 1 June, the Money Credit Council met in Istanbul and announced that the banks' deposit requirements at the Central Bank will be raised and that all discount rates will be increased by two percentage points across the board. The Council also stated that all banks must pay their debts to the Central Bank in three



installments. These decisions brought small banks under intense pressure.

--On 2 June, an IMF delegation came to Ankara. The emphasis of the visit was on "the manner of operation of the banking system."

--On 3 June, the IMF delegation began gathering information about the "banking system and the exchange rate of the Turkish currency." The Turkish lira was devalued by about 8 percent against the U.S. dollar during June.

--On 7 June, the banks met and began raising interest rates thus violating a previously reached gentlemen's agreement. They did this at the expense of raising their deposit requirements at the Central Bank. The interest race thus reached its "sprinting stage."

--On 13 June, interest on back taxes owed to the government was raised. The move envisaged raising the interest rate on back taxes owed to the Treasury from 24 percent to 32 percent. This measure raised tax payment problems for small firms and increased their need for more money.

--On 18 June, the banks met again and decided to reinstitute their gentlemen's agreement. They also took a very important decision: The brokers would no longer be permitted to sell certificates of deposit.

--On 19 June, interest on delayed customs taxes was raised from 24 percent to 32 percent. Small firms thus came under more pressure.

--On the same day, petroleum and petroleum product prices were raised by 10 percent.

--During the last week of June, banks withdrew 25 billion Turkish liras from the Central Bank. It was a curious coincidence...

--And Kastelli fled abroad.

A review of these events brings new questions to mind. It appears that the government is pressuring the banks which, in turn, are pressuring Kastelli. Why? Meanwhile, the IMF seems to show "understanding" toward Turkey. Why? Kastelli is seen as a "wonder boy" when the interest rates are free. Suddenly, he is shown as a "bad boy" just when most of the principals are due for payment. Why? There are many other fundamental questions. According to official records, the deposits held by Kastelli amount to 100 billion Turkish liras. That necessitates the payment of at least 40 billion Turkish liras in interest. Now that Kastelli has fled and no one is about to pay those 40 billion Turkish liras, where is that money? Who is using the 40 billion Turkish liras? Where is this money which should be given to the savers? And why did these incidents occur just when those 40 billion Turkish liras were due for payment--even if not all at once?

Why, do you think, is there a contradiction between the economic events of the past month and Kaya Erdem's well-meaning words in January?

## Impact of Brokers

Istanbul CUMHURİYET in Turkish 29 Jun 82 p 6

["Economic Notes" column by Osman Ulugay: "Failure of 24 January?"]

[Text] Is the Kastelli incident an indication of the failure of the 24 January [1980 decisions]?

Some will say yes. This incident has manifestly proved that the 24 January decisions have led the country to a deadend.

Others will say no. This incident is only a "road accident." That is to say, we are on the correct path, but such accidents are to be expected, and we must pick up the pieces or change our vehicle and maintain our course.

Still others will take a broader perspective and say that such adverse incidents should be no reason for Turkey to swerve from the "path of free enterprise."

To resolve the debate the following point must be emphasized: The question of whether Turkey will take the "path of free enterprise" or some other course will not be resolved by the architects of the 24 January decisions or some other policymakers or by any other series of decisions to be taken in the future. This is a strategic decision which will be determined by a historical process. It is not an option that everyone can choose on his own.

The 24 January decisions, naturally, do not have the character of making such a choice. These decisions are aimed at changing a vehicle that is stalling on a course already embarked upon. Therefore, what we must debate in the face of the "road accident" we have on our hands is whether we can maintain the present course with existing economic policies. We must assess whether the existing economic policies have been damaged by recent events, and, if so, how extensive the damage is.

The economic policy envisaged by the 24 January decisions is based on two fundamental principles. The first principle is that the government wants to influence the economy only at the macro level by monetary policies while leaving all other economic decisions to the "free market mechanism." The second principle is that the government wants to employ this mechanism to make a structural transition from a domestic-oriented economy to an export-based system.

The scenario of events envisaged by the 24 January decisions is roughly as follows: Tight money-credit policies will restrict the domestic market and thus suppress inflation; constrained by a stagnant domestic market, companies will be forced to seek foreign markets and to raise capital on their own; wage and floor price increases will be restricted; higher interest rates will draw savings into the financial system; these savings will be the source of loans to be given out and thus will solve the financing problem; companies which cannot find foreign markets, raise their own capital or attract financing and banks and brokers which do not make correct decisions will be left to their own fates; relieved of the burden of these institutions, the economy will breathe more easily and will find ways

of functioning more rationally; and, during this process, everyone will either live and learn to stand on his own two feet and not to expect help from the government, or die before learning this fact.

Now we have an environment where this scenario is failing at various points and where many firms and some banks are faced with the latter option, that is, they are fighting to stay alive. In this environment, is the "Kastelli solution" compatible and consistent with the scenario? Or is it a tactical victory for those who have been maintaining that the time has come to abandon this scenario?

It is seen that the elements of the "Kastelli solution" are inconsistent with the fundamental principles of the 24 January decisions. First of all, the Central Bank is forced to bail out banks that are in trouble. This not only softens tight money policies, but also shows that the view that "banks can also collapse" is invalid for the moment. This operation also raises the question of the utilization of export credits in the domestic market. It appears that an attempt is being made to relieve or postpone the bottleneck in the industry and finance sectors, which are unable to withstand the real interest rate, by accelerating Kastelli's collapse while preventing the failure of companies and some banks. The government is thus forced not to let the "free market forces" solve their own problems by their own means and to intervene massively.

It may be too early to say that the 24 January decisions have failed, but it is probably impossible to claim that those decisions have not been hurt by the Kastelli "accident."

9588

CSO: 4654/372

## POLITICIANS CONTINUE DEBATE ON STATUS OF BRUSSELS

Flemish Social Democrat Swaelen

Brussels LE SOIR in French 2 Jun 82 pp 1,2

[Commentary by Frank Swaelen, national president of the CVP: "Brussels Is Important to the CVP"]

[Text] Indeed, I am pleased that the French speaking parties have not set great store by the FDF [Democratic Front of Brussels French Speakers] demand to try to reach a "national" consensus of French speakers concerning the future status of Brussels.

A consensus which would specifically consist of formulating joint proposals to parliament to revise the borders of Brussels-capital.

I would like to make it clear that I do not enjoy this political defeat of the FDF in this context. Besides, what does the FDF still represent? But I am really pleased with the fact that in all the Flemish parties, and in most of the French speaking parties of Brussels, good sense has prevailed over any tendency, dear specifically to the FDF, to return to endless community squabbles.

Minister of Social Affairs Jean-Luc Dehaene and the president of the CVP [Social Christian Party (Flemish)] for the urban area of Brussels-Hal-Vilvorde, Herman Van Rompuy, have recently given detailed talks on this urban area. They clearly demonstrated -- at least if one is willing to hear and understand their message, which is also mine and that of the CVP as a whole -- that the basic problems of that urban area, and especially of Brussels-capital, are primarily of a socio-economic nature. And these problems require effective and quick solutions. Obvious or not?

I should clarify once again, for the sake of information, that the borders of Brussels-capital have already been written several times into the law. Furthermore, the act of 8 May 1980 on institutional reforms fixed the limits of Brussels-capital by a special majority in parliament. The CVP stresses that, at the time of the negotiations, which will have to be undertaken one day, on the status of Brussels, a new discussion on the modification of the borders of Brussels would be inconceivable, and thus a pure waste of time.

Why?

Simply because I recognize in the Brussels situation a striking resemblance with the serious situation our whole country is in. A multitude of socio-economic problems which are overwhelming the population as a whole. Consequently, according to the CVP, we should certainly not start long negotiations on institutional reforms at a time when this country, this city, this region are within an inch of bankruptcy. Is this position not one of elementary logic, and, moreover, fully justified, morally speaking?

The CVP is pleased that it is no longer the only one to defend this argument. A goodly number of French speakers have already joined our points of view on this subject. The call for understanding and cooperation between Flemish and French speakers to save Brussels, which was sent out by the CVP of Brussels-Hal-Vilvorde, specifically during its congress of 15 May, was very well received by many politicians in the French speaking camp.

Recently, Minister Dehaene -- former CVP president for the urban area of Brussels-Hal-Vilvorde -- firmly pleaded for real cooperation between Flemish and French speakers in Brussels. This plea has the full support of the CVP. Brussels is indeed important to the CVP. It would be appropriate for me to report to you the words of Minister Dehaene: between 1970 and 1980, and more particularly after 1975, community passions arose everywhere because of Brussels, and this was true until the autonomous structures for Flanders and Wallonia were established in 1980, while for the time being the status quo was maintained for Brussels. The political reform of August 1980 seems to have been a good turning point for Brussels. More and more sincere pleas are being heard, on the Flemish side as well as the French speaking side, for a more flexible attitude toward the "others," which is aimed at a rapprochement of the Flemish and the French speakers around real problems.

Rearguard combat, like the one currently being waged by the FDF, will not change this tendency toward entente anymore. Anyone who still formulates proposals to expand the territory of the region of Brussels-capital has not understood anything of what is going on today and will -- I am convinced of it -- quickly be put "offside."

Like the Flemish and the Walloons, the inhabitants of Brussels firmly want first of all to find solutions to the problems which affect them directly, them and their family. An example? The problem of unemployment which threatens so many people. But these problems have precisely nothing to do with the community issue. All things considered, Brussels-capital has managed to maintain an enviable position in the economic context of the country, thanks to its role as national and European capital.

The confirmation of this double function as capital is a sine qua non condition for the future economic development (specifically in terms of employment) of Brussels. The figures are available to confirm this axiom.

Furthermore, the CVP is pleased that the majority of French speakers in Brussels seem willing to restore to the Flemish of Brussels the role which is rightfully theirs. The CVP, the most important Flemish political party in Brussels, has

indicated very clearly that it has no desire whatsoever for community confrontations and that it opts for a fundamental pacification.

However, there should not be any misunderstanding on this subject. The CVP is not afraid of a possible confrontation at the community level. The awareness of the Flemish of Brussels has constantly evolved and the Flemish community of Brussels is aware of its own dignity. However, the CVP does not want this confrontation, because it attaches great value to pacification between the two language communities in the capital. To achieve this, the Flemish and French speaking politicians of Brussels must once again learn to cooperate, in order to find solutions to the large problems currently facing their city and their urban area.

In case of success, the road will be opened for such cooperation, in order to find adequate solutions to the various community problems, specifically for the status of Brussels within the new political structure of this country. However, the CVP has clearly stated on this subject that we will have to start from the function of capital of Brussels, which is the best guarantee for the prosperity of Brussels and its inhabitants. This function can become a reality only if the Flemish feel really concerned about and associated with politics, and especially at the municipal level.

Flanders certainly does not intend to abandon Brussels. But I would add a warning. If, after the municipal elections of 10 October, the CVP were to observe that the Flemish are being systematically excluded from the municipal councils of Brussels, it would become very difficult to find a great deal of understanding in Flanders for the problems of the capital. In that case, Brussels could well lose the "North."

#### Francophone Democratic Front's Lagasse

Brussels LE SOIR in French 4 Jun 82 pp 1,2

[Commentary by Andre Lagasse, FDF-RW senator: "A Disaster Stricken Region"; passages enclosed in slantlines, printed in italics]

[Text] How curious is this obsession of a goodly portion of the Flemish press which, every day, experiences the need to talk at length about the FDF! Like a funeral oration repeated daily by impatient heirs: "The FDF is dying, the FDF is dead....!" And then they draw up plans for Brussels "for the after-FDF," according to an expression invented by its journalists.

Why such a relentlessness if the leading Brussels party is really at death's door?

Questioned 4 weeks ago on the development of the country and on the future municipal elections, Francois Perin did not hesitate to proclaim that the whole French community will be in danger if people do not vote for the FDF next October: and it should be known that Francois Perin is an eminent member of the executive committee of the PRL [Liberal Reform Party (Walloon)]!

Approximately at the same time, during the meetings of 1 May, Mr Mathot (yes, the PS [Socialist Party (Walloon)] Mathot!) explained to the masses that the Walloons had finally understood that to save themselves they have to unite with the inhabitants of Brussels: an idea which has been at the very basis of the FDF for 18 years, since Jean Duvieusart left the PSC [Social Christian Party (Walloon)] to affirm this solidarity between the two components of the French community.

One could multiply the proofs of this awareness. And this is the moment chosen by the national president of the CVP to tell us how he sees the future of Brussels:\* this city represents something important to the Flemish, he explained, and one should especially not start negotiations on institutional reforms, that is only logical, it is even justified morally speaking, -- and, besides, there are French speakers who have already adhered to this point of view of the CVP... And if the Brussels voters do not understand this next October, then it will be just too bad for Brussels, "which could lose the North."

In addition, Mr Frank Swaelen was kind enough to add "for the sake of information" (sic!) that the borders of Brussels have been definitely fixed and, consequently, "that a new discussion on the modification of the borders of Brussels is inconceivable and, hence, a pure waste of time." To believe him, in all the Flemish parties and "in the majority of the French speaking parties in Brussels," everything concerning the institutions to be created in Brussels is considered to be completely outmoded.

Outmoded?... But why then has the Socialist Party just introduced a bill (59 articles!) on the Region of Brussels -- in which the FDF proposal of 3 months ago can essentially be found.\*\* And why did the PSC of Brussels, and even the PRL, as well as the elected members of the Ecology Party and the PCB [Communist Party of Belgium], decide that a meeting among French speakers is unnecessary and that a common position must be defined?

Because, contrary to what Mr Swaelen -- who seems to believe in the virtues of the incantatory method and of exorcism combined with threats -- wrote, /consultations among the French speakers of Brussels have well and truly begun and they will be continued/: more than ever, the reform of the institutions is recognized as a preliminary measure by anyone who wants to get the inhabitants of Brussels out of their economic and social distress.

All the indications confirm it: socially, financially and economically, the Brussels region resembles a disaster stricken region. And this because it is sick of the Belgö-Flemish state.

- Since the beginning of the crisis, /the drop in employment/ has been five times higher than in the remainder of the country.

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\* See LE SOIR of 1 June, pp 1,2, Fr. Swaelen "Brussels Is Important to the CVP."

\*\* Parliamentary Documents - Senate 81-82 No 15.



- The /average household income/ is decreasing from year to year and, at this rate, by the year 2000 it will be /one quarter lower/ than that of the country.
- The number of unhealthful /housing units/ is going up; whole areas are falling into poverty, -- while the rents and costs of social housing are climbing uncontrollably.
- While the Brussels taxpayers pay 14 percent /of the individual taxes/ to the Belgian state, the latter returns less than half to them: Brussels receives its share neither in aid to large enterprises (2.4 percent) nor in aid to the PME [Small and Medium Size Enterprises] (from 1 to 3.5 percent) nor in construction subsidies (less than 5 percent). Over a period of 5 years, aid to the so-called national economic sectors has provided 95.3 billion francs to Flanders, 16.5 billion francs to Wallonia... and nothing at all to Brussels.
- /The Brussels municipalities/, which for several years now have been denied initiatives taken by cities in other parts of the country, have been driven to the brink of bankruptcy, as their share in the Municipal Fund has been reduced from 20 percent to 8 percent.
- The region of Brussels, deprived of political power, has been given over to /the havoc wrought by property developers/, with the complicity of a "national" bureaucracy which sees in Brussels only its administrative function. The major building sites have no other objective than to facilitate the arrival and departure of commuters.
- Teachers and pre-school personnel are swelling the ranks of the unemployed, because /French speaking education/ is suffering from discriminatory standards. "Bi-community" institutions (specifically in matters of public health) see their credits eliminated. Linguistic parity is being imposed on the upper cadres of municipal administrations, and at the very moment when a very official study conducted by a mixed parliamentary committee reveals that in the 19 municipalities, the Flemish represent only 11 percent of the population,\* we are being told that, in defiance of the existing legislation, the future regional administration for Brussels will include 40 percent Flemish speakers... For the postal, the telephone and the tax services in Brussels, national ministers recruit 70 percent of the officials from Flanders...

True, Mr Swaelen is not lying when he says that Brussels is on the brink of bankruptcy: that is exactly what the CVP wanted!

But accept this stark reality with fatalism? Less than ever! And where are the Brussels politicians who, today, -- unless they have no other ambition than to be members of what they call the Brussels executive body -- do not understand the need to stand up, to go beyond partisan rivalries (even within 4 months of the municipal elections, this should be possible!) and to do everything to restore to Brussels democratic and effective institutions, able to decide on the social and industrial policy made possible by the tax yield paid by its inhabitants?

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\* Between 1968 and 1978, the French speaking population went from 87.3 percent to 88.75 percent: report from the Lallemand-Duerinck Committee.



This is why, Mr Swaelen, the consultations among French speakers have finally gotten underway, in the outlying areas as well as in the 19 municipalities, and that they will be continued in the weeks to come: they are an indispensable prerequisite to any dialogue with the Flemish parties.

8463

CSO: 3100/728

## LOCAL PRESS REVIEWS CURRENT ISSUES

## 'Black Front' Discussed

Nicosia CYPRUS MAIL in English 30 Jun 82 p 3

[Text]

**A**LTHOUGH both the rightwing Rally party and the socialist Edek have denied the report about an alliance of the two parties to counteract the candidature of President Kyprianou for re-election, the Akel party paper HARAVGHI yesterday insisted on its assertion about the formation of what it calls the «Black Front».

Referring to the Edek query as to whom Akel would vote for, Clerides or Lyssarides, if Kyprianou was eliminated in the first round and the dual was left between Clerides and Lyssarides, HARAVGHI says that Kyprianou will definitely be the successful candidate from the first round (winning more than 50 per cent of the votes).

But even supposing, for the sake of argument, that he is not elected rightway, the paper rules out the possibility of Lyssarides being counted for the second round and thus assuming the contest as restricted to Kyprianou and Clerides, Haravghi said:

Will the rightwing Rally vote for Lyssarides preaching nationalisation but against Kyprianou who belongs to the so called capitalist side?

Or, will the socialist Edek of Dr Lyssarides vote for Clerides whom it accused of acting as a «bridgehead for the Athens military junta» rather than for Kyprianou?

NEA, the socialist Edek party paper, featuring the Edek party

denial of the alleged alliance with the Rally takes it for granted that Dr Lyssarides will be in the repeat election round and says that Akel's «slanders» are invented to help prevent the «leakage» of Akel members who are disappointed with the attitude of their leaders.

SIMERINI refers to the current visit of President Kyprianou to Athens for talks with the Greek Prime Minister and government and says that unless the Lebanese lesson is heeded the disaster may be final.

«Our area has during the last few weeks lived the tragedy of the Palestinians. The people have been dumbfounded seeing East, West and Non-Aligned watching the massacre of the Palestinians and they realised better that the small and the weak ones play a disastrous role with the «winding» by others. When the disaster hour comes, the distributors of the roles turn away their faces not to see or to be seen.

The Greek Cypriots will not forget the experiences of the Palestinians and the remarks of their leader» the paper says, a reference to Yasser Arafat's plea «we want bullets not prayers and resolutions».

PHILELEFTHEROS refers to the UN General Assembly resolution about Lebanon and the call for the Israeli withdrawal and says it only brings to the fore once again the inability of the UN to enforce its decisions.

### Weakness

Perhaps Lebanon is the last chance for the UN to surpass its weaknesses, the existence of which brings war nearer and drives peace farther, it says.

ELLEFTHEROTYPIA, the ruling Democratic Party paper defends the Kyprianou candidature versus Clerides saying that the past history and honesty of Kyprianou is a guarantee for the future contrary to Clerides's «hazy history, full of queries and doubts».

KYRIKAS, the Union of the Centre Party expresses doubts whether the government will take the Cyprus problem to the UN General Assembly even this year and says that the term «reasonable time» to test progress in the intercommunal

talks is a slogan without real limitation and content.

The message of the former US Secretary of State Mr Haig to Foreign Minister Mr Rolandis that the US policy is not changing and that the relation between the two countries will not be affected by his departure are differently treated in the ruling Democratic Party's Eleftherotypia and Akel's Haravghi.

Whereas Eleftherotypia chooses for its headline the declaration «My resignation will not affect relations between USA and Cyprus» (the message says relations between our two countries), HARAVGHI calls the message «strange» and «insulting» in that it speaks about «common interests» between USA and Cyprus and for the claim that the US policy serves peace.

«Does it serve peace for USA to support Turkish invasion in Cyprus or the genocide by Israel in Lebanon which was planned by Haig and Sharon» (the Israeli Defence Minister) it asks.

NEA finds the message as another reason for attack saying Haig «deeply appreciates the Foreign Minister of the Joint Venture» (the term used for the collaborating two parties, Democratic and Akel).

## 'Minimum Program' Controversy

Nicosia CYPRUS MAIL in English 30 Jun 82 p 3

[Text]

THE attention of nearly all the Greek Cypriot dailies yesterday was focused on the President's visit to Athens with the big query whether it will lead to a re-welding of relations between the Cypriot President and the Greek Prime Minister after the crisis which erupted following the Kyprianou collaboration with the communist Akel party under an agreed «minimum programme».

The opposition papers and those opposing Kyprianou's candidature seem to sense a softening of the Athens attitude compared with the position a month ago and try to persuade Athens to show firmness.

The picture is epitomised in an open letter by the Union of the Centre Party paper KYRIKAS addressed to the Greek Prime Minister in which the latter is told that there can

be only two courses to follow:

a) Either accept the explanations provided by President Kyprianou about «misunderstanding» which means admission that it was an error to denounce the «minimum programme» in the first instance;

b) Or, persuade Kyprianou to disengage himself from the «minimum programme».

But whatever the options, the paper says, the Greek Prime Minister must speak so that the people should know. Meanwhile he should go ahead with his policy of «repositioning of the Cyprus problem and

continue «to the measure possible» his cooperation with the Cyprus government for the national interest.

ALITHIA, supporting the Rally party of Mr Clerides, also invites the Greek Prime Minister to show firmness. Mr Kyprianou should not return to Cyprus with an «absolution paper» it says in a front page editorial.

«If Athens shows accommodation and tolerance on what it believes to be a course heading to catastrophe, then the Greek Cypriot people will be ruined. Because there are no other limits of endurance» it says and concludes: «The Greek Cypriots cannot survive a policy of political occupation of the south by the communists after the subjugation of the north by the Turkish invaders».

The paper's Athens correspondent admits that this time there is not the icy coldness of the reception of the first visit but says the reception accorded was a formal one and still «downgraded».

The correspondent expects Mr Kyprianou to ask for a «credit of time» to plan the «amendment» of some points

of the «minimum programme» but it is not certain, he says, if Mr Papandreou will be persuaded to provide such credit of time which is said to be put till September next.

HARAVGHI, the Akel party paper in its editorial «The Athens talks» says these talks are significant because they will determine the future of both the relations between Cyprus and Greek governments and the future handlings of the Cyprus national problem.

The paper says it stands for a sincere collaboration of Nicosia and Athens based on principles respecting the country's sovereignty and disallowing any suggestion that Cyprus is under the suzerainty of Greece and Turkey or that the Cyprus problem is a dispute between Greece and Turkey.

We believe Mr Papandreou will listen to the voice of Cyprus (and not to the counsel of those whose only concern is how to promote doubtful party interests by exploiting his (Papandreou's) name, it says, an obvious hint against both the Rally and the Edek parties.

NEA, the socialist Edek party paper, refers only briefly to the Athens visit calling it a

routine meeting at formal level of officials and maintains its strong criticism against the collaboration of Akel and the Democratic party or «joint venture» as it calls it.

ELEFTHERTYPIA devotes its editorial to an attack on Rally leader Mr Clerides accusing him of serving foreign rightwing interests and refuses to accept his denial that he is not receiving foreign funds and other assistance from abroad, from those who are interested to have their stooges in power.

SIMERINI and AGON direct their attacks on Foreign Minister Mr Rolandis for defending a policy reflecting the dictates of the two-party collaboration or an inconsistent policy.

PHILELEFTHEROS, independent, refers to the advice for compromise and accommodation and says that those who give such advice, like the American House of Representatives foreign affairs president Mr Zamblocki in his letter to the Cyprus House of Representatives foreign relations committee chairman Mr Galanos and says they must see that all compromise and accommodation so far has been made by the Greek Cypriot side only.

### Kyprianou-Papandreou Talks Critiqued

Nicosia CYPRUS MAIL in English 2 Jul 82 p 3

[Text]

**T**HE Athens talks between President Kyprianou and Greek Prime Minister Mr Papandreou are being held in a «cordial» atmosphere, the ruling Democratic Party paper ELEFTHERTYPIA said yesterday and published a picture of a smiling President in a handshake with Premier Papandreou on one of their earlier meetings.

But the Akel party's HARAVGHI quoting Reuters despatch from Athens was less forthcoming and put a question mark after quoting in its headline that the news agency reported «wide measure of agreement» about the next moves.

On the other hand the anti-Kyprianou press maintains that there has been no conciliation yet and NEA, the paper of the socialist Edek party of Dr Lyssarides reports that Athens remains firm and that the talks are on a pure formal level.

The paper says President Kyprianou tried to give the impression of cordial reception and hastened to kiss the Greek Prime Minister for picture purposes in what is called in Athens as «Operation Kiss», it says.

ALITHIA, supporting the Rally party, says the rift between Athens and Nicosia persists and that Mr Kyprianou was this time given «gentle but definitely cold reception» and the meeting was not covered by Greek television.

The paper's Athens correspondent says that President Kyprianou's effort to secure

«credit of time» seems to be failing.

Meantime the duel between the communist Akel party and the socialist Edek party continues through their respective mouthpieces — Haravghi and Nea — even though both of them are at one in attacking Rally leader Mr Clerides.

In effect Haravghi yesterday accused the Edek of helping Mr Clerides while Nea made a similar charge against Akel.

Also the two parties Akel and Edek try to turn the July 1974 coup anniversary gatherings into massive votes of support for their respective fronts.

Thus HARAVGHI says that the Akel gatherings on 14 July (eve of the coup anniversary) will be an expression of support for the collaboration of Akel and the Democratic Party and the candidature of Kyprianou, while NEA which publicises the Edek gatherings of July 15 accuses Akel as re-

sponsible for gangs which destroyed Edek posters calling for joining of forces of the people for freedom.

ELEFTHEROTYPIA devotes its editorial yesterday to attack the «socialist transformation» of Rally leader Mr Clerides whom it accuses of turning into a support of the present socialist government in Greece only for political capital. The paper reiterates its charge that the Rally is receiving foreign funds and makes use of foreign experts for its campaigns.

SIMERINI, however, supporting the Rally, repeats the Rally denial and challenges the Democratic Party (of President Kyprianou) to accept the Rally offer for a probe into the finances of all political parties.

In another editorial the paper asks what can be the reason why Premier Papandréou, now win power for several months, still keeps closed the «file of Cyprus», the supposed documentation about the coup in Cyprus and those responsible for it.

CSO: 4600/667

## EDITORIAL ON AKEL-DIKO ADVISORY COMMITTEE

Nicosia 0 AGON in Greek 20 Jun 82 p 1

[Text] Two months have passed since the announcement of AKEL-DIKO [Democratic Party] cooperation and the minimum program and yet the Partnership has not felt the need thus far to inform the people about the composition of the so-called "advisory committee" which was formed to supervise implementation of the minimum program.

This enigmatic silence on the part of the Partnership and its unwillingness to communicate to the people the members of the directorate is both suspicious but also probably characteristic of the obscure role which this so-called "advisory committee" will play in the governing of the country.

Why.

If the role of this committee is as innocent as the Partnership's leaders proclaim, why are they not telling the people who composes it?

The committee's role is not as innocent as they wish to present. On the contrary, it is very suspicious and very dangerous.

In reality, as has been repeatedly stressed, we are not having to deal with a committee, but with a kind of superpower which will be above the president of the republic and the Council of Ministers, which will give directions and will chart line and policy in the executive power, which will govern the country from behind the scenes.

This obscure role of the directorate is exactly what makes the Partnership's leaders unwilling and hesitant to announce the names of the directorate members. They want to keep in obscurity the members of the superpower they created in order to thus be able to work behind the scenes and promote more easily their dark purposes.

AKEL Secretary General Ezekias Papaioannou stated in the recent House assembly that he is not included among the directorate's members. But he avoided saying who will be among the members. From his statement it is clear that he knows who makes up the directorate. And aside from Mr. Papaioannou, the DIKO leadership also knows.

But why are they not talking? Why are they not publicly announcing the directorate members? What are they afraid of? Or what do they have to hide?

We are asking the Partnership again today. Who are the members of the directorate?

Let them answer. So that the people can be informed of who is really governing the country. Even if the two partners, disturbed by the reactions caused, decided not to operate the directorate. Let them tell us, however. So we can welcome this positive development.

9247

CSO: 4621/415

## LIBYA UNABLE TO PAY FOR GOODS IN CASH

Nicosia 0 AGON in Greek 21 Jun 82 p 1

[Text] Libya has notified the government that it is unable to pay in cash the 28 million dollars it owes Cypriot businessmen and manufacturers from whom it procured various products, and that it is willing to discharge its debts by giving oil in exchange, but at a price ten-percent higher than the international price.

Libya had originally promised, about four months ago, that it would pay its debts to the Cypriot merchants immediately but later it went back on its word and declared that it was unable to pay in cash.

Up to now, Libya has paid only 700,000 dollars and expressed its inability to pay the rest unless the government accepts oil in exchange, but at a ten-percent higher price.

It seems that the proposal is the only one able to offer a solution but the difficulty is who will be burdened with the ten-percent sum beyond the normal price of oil; it appears that the government is not disposed to paying this amount, which is considered very significant.

The government has not yet kept the promise it made to the businessmen and manufacturers and has given them a very small sum in comparison to that provided by the law on products insurance. Whereas normally it should have given 90 percent, the Council of Ministers, by its decision, after intensive measures, agreed to give up to 50 percent.

Thus far, the government has yielded to the affected businessmen and manufacturers various amounts not exceeding 25 percent.

At any rate, this issue will be cleared up in the next few months, following the suggestions of Minister of Commerce Andreou to the affected industrialists who have begun to study these suggestions.

9247

CSO: 4621/415



## IOANNIDIS ATTACK ON AKEL SECRETARY GENERAL

Nicosia 0 AGON in Greek 23 Jun 82 p 1

[Text] The candidate in the coming presidential elections, Georgios Ioannidis, charged that AKEL Secretary General Ezekias Papaioannou is cultivating polarization and division and that he is slandering the country's genuine democratic forces which disagree with the minimum program.

In his written statement, Ioannidis says the following:

"Our struggle, the Cypriot people's struggle, is emancipative and anti-occupational.

"Those who practice and pursue polarization, those who propose and advocate polarization, wound our people's struggle for freedom and undermine our march for unity.

"Unfortunately, with his speech on 21 June in London, the AKEL secretary general is cultivating polarization and division. And he is slandering the country's genuine democratic forces who disagree with the minimum program and are struggling to avert the destruction to which the AKEL-DIKO [Democratic Party] partnership is leading the country.

"In view of this reality, in view of this danger threatening the country, it is the Cypriot people's duty to fight with all its forces to prevent polarization and the danger of destruction.

"Above the minimum program and party oppositions is the road for unity and popular reconciliation, the road which unites the people, not divides them or makes them fanatical, the road of national salvation.

"Neither the minimum program nor foreign influences and interests will save Cyprus. Cyprus will be saved by its united people and Greece, which is our natural support, and the expansion of international assistance pursued by Andreas Papandreou, and by the will and decisiveness of our people who are marching firmly on the road for national independence and dignity.

"Since the beginning, we have aligned ourselves against polarization and division. And, with faith and firmness, far from foreign interests, we are defending the unity of our people in the common struggle for national salvation and survival. Already, our people, freely and consciously, are thickening our march, which is their own march for unity, freedom, democracy and salvation."

## DIKO ANSWER TO IOANNIDIS

Nicosia 0 AGON in Greek 24 Jun 82 p 8

[Text] On 23 June, DIKO [Democratic Party] issued a statement in which it reprimands Georgios Ioannidis. The full text is as follows:

"After the prudent silence of G. Ioannidis, he has reappeared on the political scene with a statement which is missionary-like in tone and writing, a statement promoting his slogan on unity in a superficially unaffected way.

"The Democratic Party--and this is known best by Mr. Ioannidis--since the first day of its formation, has been the fundamental and principal lever for uniting the majority of the democratic forces and has covered the large area of the democratic center and progressive right. It is specifically this resultant which has offered the Cypriot people the only way out of ensnarements in glorifications and polarizations. And precisely this presence and role of DIKO has contributed basically and organically to the smooth developmental course of political life in recent years. Undermining DIKO's antipolarizing line is the object of the type of political dustcloud of Ioannidis, Center Union, NEDIPA [Youth of the Democratic Front] and other past political states.

"But no patriotic and genuine democrat overlooks the dangers expressed by the hodgepodes of the various candidate ethnarchs from this area: that is, that their sole mission is to indirectly strengthen extreme rightist political states and fascist circuits.

"For this reason, this time also not even one vote is going to be lost on the part of the democratic world, and the pioneers of the rupture of the great democratic mass are not going to carry off anything but conjugal and paternal votes in the coming elections. Let them not nurture any delusion."

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## COMMUNIST PARTY SHAKEN AS LEADERS QUIT RANKS OVER POLICIES

Stance on Unions, Freedom of Speech

Copenhagen BERLINGSKE AFTEN in Danish 11 Jun 82 pp 1, 9

[Article by Anders Jerichow and Ojvind Kyro]

[Text] "We are constantly being accused of being loyal to Moscow. And all I can say is that the accusation is entirely correct! For I cannot see where our policy deviates in any way from the policy Moscow wants us to pursue. And by Moscow, I mean the stone faces in the Kremlin. And at the same time, we Danish communists have 'defending freedom of speech' as part of our program. It is absurd!" -- Ivan, a fictional character in the book, "The Inner City," by Dea Trier Morch, who left the Danish CP in March 1982 after 10 years of party membership.

It is a conflict over the party's position on the union movement and over one of the fundamental values of citizens, freedom of speech, that lies behind the conflict within the Danish Communist Party in recent weeks. Today it is unlikely that the party has more than 10,000 members and hardly a year goes by without prominent members leaving the party.

On Tuesday, there was a celebration honoring member number 11 of the Danish CP, Carl Madsen--who was expelled from the party in 1975--on the 4th anniversary of his death, held by 3-400 of his friends and admirers from the nondogmatic left wing. The requiem took place in Christiania and included speeches, poems, songs and film from the old lawyer's funeral as part of the program.

One of the speakers was Carl Madsen's party comrade, social worker Hanne Reintoft, who had submitted her own resignation from the party the day before and who had helped to vote him out in 1975.

"Carl was the best communist I knew," said Hanne Reintoft, "and both he and I were sorry about the problems he and eventually many of the rest of us had with the party. Carl was disparaged by his comrades. And they went so far as to use psychiatric diagnoses to discredit him."

Another speaker, author Ebbe Klovedal Reich, said that the gathering in Christiania had undoubtedly learned more about communism from Carl Madsen "than from the entire Danish CP Central Committee."

No prominent Danish CP representatives could be seen at the gathering-- "I did not make it," said party secretary Poul Emanuel. But Social Democrat Bernhard Tastesen and Radical Liberal Tage Draebye did attend to honor the expelled communist who ended up by being an honorary citizen of the free city whose case he pleaded before the Supreme Court.

### Tragedy

Almost every year, a prominent member of the Danish CP leaves the party. This year, both author Dea Trier Morch and Hanne Reintoft resigned.

The latter slammed the door hard behind her when she said in an interview with POLITIKEN that "the Danish CP leadership is set in concrete. And LAND OG FOLK represents the most trivial petit bourgeois criticism in our present society.

"The Central Committee is self-sufficient and therefore there is never any turnover. Carl Madsen was expelled for criticizing the fact that it required a 70 percent majority vote to bring a new member in. There is no access to criticism either in the party or in its press."

To WEEKENDAVISEN, she said: "Everything in the Danish CP is drowning in tumultuous applause and self-praise. The Polish Communist Party is a tragedy and the Danish CP is reminiscent of it, even though it is not in power."

She was strongly seconded by Seamen's Union chairman Preben Moller Hansen, who was expelled in 1979 after 25 years of membership: "The party is being run by seven tired old men. Their ideas petrified 20 years ago and that is why people are drifting away. Some seamen are communists, but they are getting very tired of the party. Six or seven articles they wrote for LAND OG FOLK have been rejected, even though some were written by people who have been nominated by the Danish CP in municipal and Folketing elections. It is a lie that there is a free debate."

Benito Scocozza, chairman of the Communist Workers' Party, KAP, was a Danish CP member from 1953 to 1963 and says that "the current leadership of the Danish CP resembles the leadership at that time--regardless of the student uprising and the youth revolt."

## Inner Circle

If one looks at the people on the executive committee, the Politbureau of the Danish CP, over the past 10 years, for example, seven names have been there all along, along with chairman Jorgen Jensen, who has been a member for 30 years.

His six [as published] weighty comrades are Poul Emanuel (party secretary), Ivan Hansen (former environmental affairs mayor under Egon Weidekamp), Dan Lundrup (chairman of the Copenhagen Typographers' Union), Freddy Madsen (former member of Folketing), Ib Norlund (former member of Folketing), Ingmar Wagner (who got the Danish CP a lot of press coverage when his safe-deposit box containing the secret funds disappeared) and Kaj Hansen.

The powerful inner circle has been there so long because it can decide that itself and its conservatism today stands in the way of a renewal of the party, say anonymous critics outside the Danish CP.

They point to the election procedure, which party secretary Poul Emanuel confirms--the Central Committee recommends a congressional committee to the congress which nominates those to be elected to the 49 seats on the Central Committee. "And in most cases, the delegates to the congress approve the proposals of the congressional committee," Emanuel said.

The Danish CP has not been in Folketing since 1979 and in the election last December, the party received only 1.1 percent of the votes, or only 34,625 crosses. That is a decline of 24,000 compared to 1979 and the lowest voter support level since 1968. But that did not reduce the membership ranks, according to Poul Emanuel, who claimed that there are still as many members as there were 2 years ago: 10,900.

Jorgen Jensen: "I am surprised that the election defeat did not lead to more resignations."

Hanne Reintoft: "I simply do not believe those figures. There are at most 7,000 members left. I personally know many people who have left the party."

Party chairman Jorgen Jensen said Hanne Reintoft's statements "are an insult to the last 11 members of the executive committee when she claims that the one-third of the committee which has been there the longest really runs the committee. That is a disparagement of the new members."

Jorgen Jensen is satisfied with the fact that in this congressional period, the Central Committee has expelled only one member, namely Hanne Reintoft's husband, Knud Leihoj, who was removed half a year ago from his post as secretary of the Pipelayers' and Plumbers' Union. "He had isolated himself from the members," said the head of the Danish CP.

"Knud Leihoj has not expressed any criticism of the party's basic policy," said Jorgen Jensen. "He has led factional activity for 15 years but began to push his own attitudes. That was intolerable and that is why he was expelled. We have never curtailed his right to speak out but simply asked him to shorten an article for LAND OG FOLK to include only matters that affected him personally."

#### Denial Attempt

In an article on 2 November 1981, LAND OG FOLK accused Leihoj of stressing that union leaders should have no political affiliations. Leihoj tried to deny this in three registered letters--but in vain. He also dismissed Jorgen Jensen's remarks to WEEKENDAVISEN:

"I wrote then in the article they refused to publish that of course I had never spoken against union leaders having political affiliations. That would also have been a strange statement, since I myself was a Danish CP member," said Knud Leihoj.

"There is a regular ideological conflict between us," said Leihoj. "The Danish CP wants to try to take over unions by pushing its policy through." In his article for LAND OG FOLK, he had written that "no party should have a monopoly on the union movement."

Then and now, Knud Leihoj called for a "debate without limits" in the communist movement. "The truth must never be concealed, for the truth is never anticommunist," he said.

Together with Carl Madsen, he has spoken from the speakers' platform at Danish CP congresses in favor of more openness and a more democratic party structure.

It was the party that kicked them out. Now Hanne Reintoft has gone of her own accord and in yesterday's issue of the newspaper BT, author Lars Bonnevie, LAND OG FOLK journalist Jane Rasch, editorial secretary Steen Hartwig Jacobsen, TV worker Kjeld Ammundsen, author Per Schultz, Hanne Reintoft and Knud Leihoj published a document that has the form of an open revolt against the party leadership along the lines described here.

#### Nine CP Leaders Question Direction

Copenhagen INFORMATION in Danish 11 Jun 82 p 3

[Text] The party must purge itself through an open debate, according to prominent Danish CP members. It is necessary to break with the party leadership, nine communists write in a sensational feature article.

Nine prominent members of the Danish CP have now challenged the party's top leadership. This occurred in a feature article published by the newspaper, BT, after the communist paper, LAND OG FOLK, forwarded the article to the Central Committee of the Danish CP instead of printing it in the party paper, as the nine who signed it had requested.

INFORMATION prints the entire article here. It is written by Kjeld Ammundsen, Lars Bonnevie, Carsten Clante, Erik Clausen, Steen Hartvig Jacobsen, Knud Leihoj, Jane Rasch, Hanne Reintoft and Per Schultz.

The Danish CP finds itself in a deep crisis. The signs are obvious:

In recent years, the Danish CP has suffered painful parliamentary defeats, in the Folketing election of 1979, the municipal elections of 1981 and the Folketing election in 1981. These elections have first and foremost been a defeat for the party and its leadership, since the voters as late as the EC election of June 1979 gave the People's Movement Against EC an overwhelming vote of popular confidence.

But the party crisis does not involve parliamentary work alone. Relations between the Danish CP and the big mass organizations--both union and grassroots movements--are also in a state of crisis. Big popular grassroots movements like OOA [Organization for Information on Nuclear Energy], NOAH [expansion unknown], the women's movement, the Mass Transit League and others have been regarded very negatively and skeptically by the party leadership. And in the union movement, we have seen in recent years the problems communists have had with regard to the Lithographers' Union, the Pipelayers' and Plumbers' Union in Copenhagen, the Joint Club at Helsingør ✓Shipyard, the Seamen's Union and--most recently--the BULP [Teachers Union] Pedagogic Cartel, just to name a few examples. In the area of solidarity work, the leadership of the Danish CP has a joint responsibility for the splitting up of the Vietnam and Chile movements.

Why is the party in this crisis? There are several reasons and we will list only some of them.

#### Factions

Factional work in the union movement. The way the Danish CP has practiced its factional activity--especially in the organizations where they play a decisive role--has been a burden to the party's reputation among active union people. Examples from the Lithographers' Union, the Pipelayers' and Plumbers' Union and the BULP Pedagogic Cartel have shown that the methods used by the communist factions systematically take influence and the whole decision-making process away from the members and transfer them to the faction. The result has been schism in the organizations, passivity among members and internal conflict among communists.

Poorly-executed parliamentary work--both in Folketing and in the largest municipalities--has caused the Danish CP to have difficulty making an impact in relation to the other left-wing parties. And in situations where the Danish CP has achieved some influence, for example in Copenhagen (several compromises) and in Aarhus (a single compromise), it has been impossible for the party to explain to the people why these compromises were entered into.

The party's unclarified stand on the growth of the public sector has meant that the party has been unable to channel the criticism from wage earners and other population groups who feel repugnance about using a public sector that increasingly appears oppressive, bureaucratic and overprotective for more than the welfare and custodial obligations that are also handled by this sector.

The party's blocking of new routes in the fight against cutback policies, for example when the Danish CP leadership stopped the social solidarity movement (in which both union organizations and social consumer groups participated) has restricted the struggle to traditional and mechanical forms of action that are becoming more and more depleted as time goes on.

#### Lack of International Credibility

The party's international position lacks credibility. An entirely unshaded and uncritical support of the social model that has developed in the socialist countries has created popular distrust about the party's real intentions with regard to Danish society. The party's priority on international solidarity work has been strongly dominated by consideration for the Soviet Union's current foreign policy strategy. For this reason, the party has disregarded Eritrea's struggle against Ethiopian oppression, ignored the brutal suppression of communists in Iraq and Syria, and took a very reserved position on the military junta in Argentina which has given the communist party leadership free rein while other opposition groups have been brutally suppressed. The Danish CP's position in the international communist movement also creates credibility problems. The Danish CP has consistently aligned itself with the parties whose work has been most closed to public access and has dissociated itself from the Italian party, for example, the largest party in Western Europe. In the Nordic lands, the Danish CP leadership has supported groups that have broken away in both Sweden (AKP [Workers' Communist Party]) and Finland (Sinisalo's minority communists).

But why have the party's members failed to change these things?

#### Restrained Debate

The party's internal debate style is restrained and aloof in relation to those who are not party members. Discussion is restricted to the party organization and members can discuss the policy of the leadership only in the local organization or the union group, while there is a real ban on



Danish CP members discussing party policy and strategy with other communists outside the members' local party sections.

Democratic centralism has been distorted through a restriction of the discussions that take place among members before the leaders make decisions concerning vital political issues. A change of party rules at the end of the 1950's gave the Central Committee voting rights at party congresses, thus in practice creating a system of self-supplemental leadership, both centrally and locally, in contrast to the corresponding rules of the Soviet CP, for example. Democracy in the party is also hindered by the limits the party leadership has imposed on debate in LAND OG FOLK (just remember editor-in-chief Gunnar Kanstrup's reply in LAND OG FOLK to Peter Riis: "But it must also be borne in mind that fundamental party discussions cannot be presented in LAND OG FOLK without the prior approval of the party's leadership, in other words the Central Committee or the executive committee").

On the one hand, the party leaders demand that party members acquire influence in mass popular organizations--and on the other hand, most of their efforts must be devoted to internal party tasks if they want to become qualified to participate in party discussions and thus get elected as a delegate or a member of a leading organ. This leads to many externally-oriented comrades having a hard time making a mark internally in the party on an equal footing with members who work internally. This also causes the party to isolate itself even more from the things that are concerning the people.

The party leadership has introduced a practice that leads to casting doubts on party members who do not agree, people who are labeled by the party leadership as "undisciplined," "politically weak" or "opportunistic." In the discussions that occur in spite of all this in and around the party, the party leadership pursues individuals more than the arguments.

#### Crisis and Necessity

The specter of an anticommunist smear campaign is brought up as a main reason every time the party suffers a setback. This expresses a clear underestimation of the public's ability to differentiate. If this smear campaign theory is correct, the number of rational people in Denmark will have been reduced to around 1 percent of the population by the end of 1982.

But what must be done in the present situation?

The crisis in the present Danish CP is a crisis for the left wing and the mass organizations. But the solution is not to form a new political party in addition to all the others on the left wing. We have too many parties already and we do not want to contribute to a further organizational division of the left wing.

Even though--as can be seen from the above--we are very dissatisfied with the political practices in which the present Danish CP leadership has encapsulated the party, we do not see any party alternative to the Danish CP. None of the other parties on the left wing can fill the role today which a genuinely revolutionary communist party should play.

Therefore, the task is not primarily to split or weaken the Danish CP. The task for all communists is to strengthen the party politically, so that through the process of a democratic debate by its members, it can rid itself of the part of the party that is locked fast in self-satisfaction, self-sufficiency and inadequate democracy. In that way, the party can also purge itself of a tendency toward political sectarianism and isolation from that part of the population which according to the Danish CP's own political theory and strategy should be the party's objective allies.

We therefore call for a debate that can free the present Danish CP from the inexpedient restraints the party leadership has imposed on members with reference to the "external enemy."

We have tried in various ways to use the "inner party channels" indicated by the party leadership in order to present this criticism, but have now learned that we cannot get any farther. At the same time, we judge that the crisis for the party and thus for the left wing and the progressive mass organizations is so deep and so acute that it is necessary for someone to take the initiative and speak out against the party leadership.

"Everything in this party happens openly. Its actions are public. Everyone, communist or not, can at each moment determine whether its decisions and actions are in agreement. What other party can say with greater right than we: 'Come and look,' to all workers and to the entire people?"

Let us in fellowship make this quotation from Georges Marchais' "The Democratic Challenge" the starting point for the political activity of the Danish CP also.

#### Leadership 'Stifling All Criticism'

Copenhagen INFORMATION in Danish 11 Jun 82 p 3

[Text] The group of leaders who monopolized the party after the showdown with Aksel Larsen is responsible for the party's crisis, according to Preben Moller Hansen.

The roots of the crisis in the Danish CP go back to the showdown with Aksel Larsen in the late 1950's, says the chairman of the Seamen's Union, Preben Moller Hansen, who was himself expelled from the Danish CP.

The party's leadership form was worked out during the Larsen showdown by people who sit on the central organs today.

"There are people who have never been anywhere else but in the party and who see it as a goal in itself, not a means, to be party officials. They have pledged each other to stand shoulder to shoulder and that weakens all chances of making the party into a vital organism," said Moller Hansen, who founded the organization, Mutual Course, after the dispute.

The union chairman has experienced at close quarters how the central leadership chokes off all criticism and "runs" the congresses. A whole year before each congress, the party leaders agree which members should join or leave the Central Committee. To control the course of events, selected members are sent on delegation trips with the party leadership and later the traveling companions are committed to supporting the plans of the leaders. At the congress itself, a handpicked congressional committee is appointed to recommend candidates for Central Committee seats. On paper, all members can be nominated. The chairman and secretary are members of the committee and start by recommending their candidates. After that it is extremely difficult to get unforeseen candidates elected. The committee prepares a list with the recommended members at the top of the list and the rejected members listed below a line across the list. At the congressional election, members may choose to set a single cross, indicating a vote for those candidates recommended by the leadership.

The system seldom goes wrong.

The narrow group that rules the communist party today includes in addition to chairman Jorgen Jensen, party secretary Poul Emanuel, Ib Norlund, Ingmar Wagner, Ivan Hansen and Margit Hansen. Poul Emanuel occupies a central position because at secretariat meetings, he is the one who makes proposals and provides a background for decisions for the chairman and the Central Committee.

Preben Moller Hansen does not feel the crisis in the Danish CP can be explained on the basis of international events such as Poland, Afghanistan or a submarine in an archipelago. "The party leadership and Jorgen Jensen himself are responsible," says Moller Hansen. "In the union movement too, the Danish CP crisis is due to the stupidity of the leaders themselves. They establish a foremen's initiative and permit only communist chairmen in the leadership. When the Danish CP has run the foremen's initiative down, it is replaced with a joint shop stewards' group where they make the same mistake by only allowing Danish CP people in the leadership. And these people do not even have the support of their own members when, for example, they make a big fuss against income policy or using the union movement as a pile driver. At the same time, they are so far out that any democratic idea is squelched. The Danish CP leadership is forcing all this on its members. Only blind party soldiers will accept that, the kind I was myself at one time, but people who think for themselves will not."

The nine writers of the article say the Danish CP should be purged by a change in the leadership. Does he concur?

"In other respects, I quite agree with their article, but the dream of getting a better Danish CP leadership is something I have abandoned. I believe that new forces will have to start a new revolutionary communist party. I regard 98 percent of the members of the Danish CP as absolutely good comrades, but I no longer believe in the idea of simply changing the leadership."

Has Mutual Course noted increased interest during the Danish CP crisis?

"We get new people every day, but Mutual Course is not a party. It is made up of Socialist People's Party members, unaffiliated people and a lot of others. It is likely that only some of the members of Mutual Course would like to join a new party."

#### Union Leader Quits Party

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jun 82 p 7

[Text] The chairman of the Danish CP, Jorgen Jensen, appealed yesterday to party members not to allow themselves to become "confused or misled into believing that the communists are weakened from internal conflicts or that they are worn out."

This occurred at a communist summer meeting in Horsens. The statements were made just as one more prominent member of the Danish CP resigned from the party. This was the chairman of the Danish Metalworkers' Union in Esbjerg and a member of the executive committee of the Metalworkers' Union, Svend Erik Dreyer. He has been a member for 20 years and left the party because of "personal considerations" which he did not wish to elaborate on.

"The fact that people become tired of the smear campaign, the pressure, the struggle and seek shelter or try to free themselves from joint responsibility for what is being attacked does not shake the Danish Communist Party," the party chairman said in his speech in Horsens. "We are sorry when an ally deserts us. We are obliged to maintain the policy and the positions the party has formulated in a democratic and vital debate. We must refute lies, but at the same time we are open to all criticism and debate with our friends," said Jorgen Jensen.

In addition to Erik Dreyer, prominent members like social worker Hanne Reintoft and author Dea Trier Morck have left the party in recent weeks. A group of nine members, including actor Erik Clausen, also criticized the party in sharp terms in articles in BT and INFORMATION for its rejection of criticism and a policy lacking in credibility.

The group of nine published their criticism in BT and INFORMATION because the Danish CP's LAND OG FOLK refused to print the article. The paper's

editor, Gunnar Kanstrup, party chairman Jorgen Jensen and secretary Ib Norlund have claimed that the nine members' article was submitted Tuesday with a demand for publication on Wednesday, but today the nine documented that this is a totally incorrect presentation of the time sequence.

The readers' article was sent by express mail to LAND OG FOLK on Monday, 7 June, and according to the receipt it arrived there the same day at 1921 hours. In an accompanying letter, the senders asked to be informed by Wednesday, 9 June, at the latest of the date when it would be published. But the same evening, the editor-in-chief informed them that the article would have to be discussed by the Central Committee of the party on 19 and 20 June before it could be published and that therefore the nine-man group would be informed of the publication date by 22 June at the latest.

### Reasons for Party Decline

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jun 82 Sec II p 1

[Article by Solveig Rodsgaard]

[Text] This weekend's meeting of the Central Committee of the Danish CP will not be dominated by uplifting discussions--the internal problems are too irritating.

It is a long time since the Central Committee members of the Danish Communist Party have been able to entertain each other with uplifting messages about the party's situation. The Central Committee meeting this weekend will be no exception. Here the communist leaders must among other things review the sharp criticism directed by nine communists against the party leadership while at the same time the Central Committee members must note one expulsion and two resignations of well-known Danish CP members in the last couple of weeks.

But party members must not allow themselves to become "confused or misled into believing that the communists are weakened by internal conflict or that they have become worn out," party chairman Jorgen Jensen admonished. This will probably also be impressed on Central Committee members by the party chairman who returned home yesterday after spending a few days with the comrades in Bulgaria, where they are celebrating the 100th anniversary of the birth of Georgi Dimitrov. Dimitrov was a member of the Comintern and the first leader of communist Bulgaria.

The same festive atmosphere does not exist on Dronnings Tvaergade and when the Central Committee reviews the critical article from the nine, it will also be noted that two of them are not communists.

One, Knud Leihoj, has been expelled. The other, Hanne Reintoft, left the party of her own accord. The bourgeoisie may be the worst enemy of the Danish CP. But the very worst are former Danish CP members.

## Openness

Although the party's leadership, headed by Jorgen Jensen, has tried to totally dismiss the criticism from Knud Leihoj, Hanne Reintoft, Erik Clausen, Steen Hartwig Jacobsen, Claus Bonnevie, Jane Rasch, Carsten Clante, Per Schultz and Kjeld Ammundsen and has stressed that there was never any question that LAND OG FOLK would not publish the article, leading to its publication by BT, the article by the nine has led to several cautious letters to the editor in LAND OG FOLK about a more open discussion of Danish CP policy. But perhaps the writers of the letters to the editor were helped along by the assurances of the party chairman that the Danish CP has always been open for debate.

Many have had a hard time seeing that openness. But the approximately 10,000 party members have largely remained faithful since the last election, when it was the voters who let the party down again.

From the 1979 election, when the seven Danish CP members disappeared from Folketing, to the election in December 1981, voter support dropped from around 59,000 to around 34,000. Opinion polls since the election have not done anything for the Danish CP either.

## Unfortunate Events

Now one cannot really say that the last 9 months have exactly been good to the Danish CP. Before the election, there was the unfortunate Russian submarine in the Swedish archipelago, the expulsion of a Soviet diplomat from Denmark and the subsequent case of Arne Herlov Petersen. It also took the Danish CP a long time to find a suitable grimace to employ for the problems in Poland, there was the painful case of executive committee member Ingmar Wagner's stolen money, money the Danish CP top leadership knew nothing about and whose origin Wagner could not remember. And now, most recently, the partial disclosure of the internal problems in the Danish CP with the expulsion of Knud Leihoj after the trouble in his union, the Pipelayers' and Plumbers' Union, Hanne Reintoft's slamming of the door after 12 years of membership and the less noisy departure of Esbjerg Metalworkers' Union chairman Svend Dreyer after 20 years of membership. At the end of March, Dea Trier Morch also left the party after about 10 years of membership.

The Danish CP has always been known for trying to keep all its problems under wraps and Danish CP members are also long-suffering, disciplined people who have signed a pledge that they will uphold party regulations, including the so-called democratic centralism in the regulations--things may be discussed, of course. But when the party's leadership has made the final decision, it must be followed.

Naturally the recent criticism has made an impression on the leaders of the Danish CP. But the leaders are in the right. Therefore, they dismiss all the charges--including those made by the nine--that the party's international stance lacks credibility because the party without differentiation and

without criticism supports the social model in the socialist countries and because the party's priorities on international solidarity work have been strongly dominated by consideration for the Soviet Union's current foreign policy strategy.

And that the Danish CP's factional work in the union movement has been a burden. That the anticommunist smear campaign is a specter that is dragged out every time the party suffers a setback. That the Danish CP's present leadership has encapsulated the party in unsatisfactory political practices.

#### Holding the Bag

The small group of party leaders will inevitably be left holding the bag. The elegant and quiet Jorgen Jensen, 62 years old, has not had an easy time as party chairman. It has been hard to follow Knud Jespersen, who got the party back on its feet again after the break with Aksel Larsen. And it has been bitter for Jorgen Jensen that in the first election after he became party chairman, the communists dropped out of Folketing, having lost 55,000 voters. Neither he nor chief ideologist Ib Norlund has been able to redraw the party's profile sufficiently since then. But the Danish CP has been collecting signatures and is now ready to run again in a future Folketing election.

#### Comment by Communist Party Organ

Copenhagen LAND OG FOLK in Danish 19-20 Jun 82 p 2

[Editorial by Gelius Lund]

[Text] "The big old communist party, the Danish CP." That expression was used by an editorial writer in BERLINGSKE TIDENDE on Monday. The occasion was Anker Jorgensen's announcement that unity gives strength. It does, but if that strength is to produce a desirable result, certain prerequisites are called for. He meant that everyone should rally around the Social Democrats. That is not the right way to go.

Unity gives strength when it is the supporters of socialism who unite. Even so, new parties have been formed in the last 10 years--SF [Socialist People's Party], VS [Left-Socialist Party], KAP [Communist Workers' Party], SAP [Socialist Workers Party] and small groups with other initials; the split has been maintained and deepened.

Recently the formation of yet another party was announced, the Danish CP/M-L [Danish Communist Party/Marxist-Leninist]. It will gather supporters so it can take part in the next Folketing election.



Who in the general public knows what kind of people these are who call themselves the Danish CP/M-L? At any rate, M-L stands for Marxist-Leninist. So everyone in the nation can grasp that here we have the right, the indispensable, Marxist-Leninist revolutionary party that definitely is what the supporters of socialism in Denmark are lacking. And even if not everybody does understand it or knows where to go to find out, at least the men and women behind the project must feel uplifted and supported by the initials.

But there can also be another reason for the use of M-L. A desire to legitimize the use of Danish CP, the abbreviation of the name of the Communist Party of Denmark.

It is said that the "Albanians" are the ones behind the plans for the new party. The "Albanians" in this country have broken away from the "Chinese." The two groups stood together until the Albanian party denounced the Maoist party, which in this country became the KAP.

As the BERLINGSKE TIDENDE editorial writer noted, "The whole thing must be strictly differentiated from the big old communist party, the Danish CP."

Most people will take the word "big" ironically. If the editorial writer did not mean it that way, the communists would agree with him. Except for the number of voters.

Why do new parties turn up on the socialist side, like this party now with the stolen name?

The main reason is that people are searching for new paths. The world around them threatens catastrophes, annihilation, mass destruction, not only through nuclear war but already now, through unemployment, the deterioration of living conditions out of consideration for "business life," e.g. profits, brutalization by commercial entertainment, and so forth.

Let us get rid of all this as quickly as possible! This natural and logical desire is expressed by some in new groups, in new trends, in a new party because the "old ones" have not done the job, new lists of candidates for Folketing elections, regardless of the fact that this just increases the schism and confusion in what is called the left wing.

The "Albanians" may not regard themselves as "new," since as a group they have several years behind them. But uniting the left wing is obviously not their favorite idea.

It is characteristic for the majority of the new groups and parties that they absolutely must insist on either socialism or Marxist-Leninism or both, while at the same time standing apart from the communist party.



It appears to be a new phenomenon that arose after the end of the 1960's. Actually it is an old tendency, but under modern conditions it is just dressed somewhat differently than it was at the beginning of the century, when Lenin wrote in the article, "The Historic Fate of Marxism" (1913):

"The dialectic of history is such that the theoretical victory of Marxism forces its enemies to disguise themselves as Marxists."

By the "theoretical victory of Marxism," Lenin referred to the fact that Marxism had won a theoretical victory in the Social Democracies of that period, in the sense that all those who talked and wrote about theoretical matters in those parties wanted to be called Marxists and that the works of Marx were regarded as fundamental to all theory concerning the labor movement.

As early as 1914, it was seen how fragile the victory was. The outbreak of World War I showed how deeply practical opportunism and theoretical revisionism had tainted the Social Democratic leaders. The exception was the Russian Social Democracy, from which the word "Leninism" comes.

With the word "enemies," Lenin was referring first and foremost to the opportunists and revisionists of that time, but at the same time he pointed out that these tendencies and trends had well-wishers outside the Social Democratic parties. They had class content, a class character, they were bourgeois. The class content stemmed from the "enemies'" roots in the bourgeois society.

With all due respect to theoretical understanding, it would not be right to regard and treat all those in these many anticommunist groups and parties as enemies. Never mind that the phrase "coastal line socialists" is not unjustified. Never mind that the groups and parties in question apparently arise with no connection to the labor movement in Denmark. Never mind that their environment obviously includes a bourgeois element.

Despite the splitting they stir up, they also express involvement and new departures.

In full accord with Marx and Lenin and their successors, the big old party, the Danish CP, is seeking ways to unite the progressive forces in involvement and new departures.

#### Central Committee Acts on Challenge

Copenhagen INFORMATION in Danish 21 Jun 82 p 1

[Article by Alex Frank Larsen]

[Text] The Central Committee of the Danish CP has indicted seven members as a faction, but rejected expulsion.

The Central Committee of the Communist Party of Denmark warned seven party members against criticizing the party leadership again, as they did in a feature article that was first published in the newspaper, BT on 10 June.

The warning is part of a special statement approved at the Central Committee meeting over the weekend. This said of the seven that the Central Committee "expects them to cease factional or group formations."

In an explanatory comment to INFORMATION, party chairman Jorgen Jensen said that "if they continue to behave like a cohesive group or select a spokesman, this would be incompatible with the interests of the party."

One of the seven, assistant professor Carsten Clante, told INFORMATION that "It is idiotic to speak of us as a faction. We are a few communists with a common attitude toward life who are taking part in a private and artistic fellowship. Red Mother was not regarded as a faction either."

#### No Discussion of Contents

With the two who have just left the party, Hanne Reintoft and Knud Leihoj, the seven critics called for a purge of the Danish CP leadership through an open debate by members on what they called the crisis of the party. The seven are Kjeld Ammundsen, Lars Bonnevie, Carsten Clante, Erik Clausen, Steen Hartvig Jacobsen, Jane Rasch and Per Schultz.

In its statement, the Central Committee denied that the Danish CP has shut off the discussion called for by the seven. The statement exhorts the critics to keep the discussion inside the party and to accept the consequences of the fact that they are a minority. "No member can set himself above the party by using pressure or threats to go to the bourgeois press," the statement said.

The Central Committee approved the statement unanimously, but refused to discuss the contents of the article by the seven members.

#### Expulsion Suggested

"Some of it has been discussed in the party many times and has reached a conclusion. Other matters will be resolved at the next congress," said Jorgen Jensen. He told us that no proposal to expel the seven had been brought to the Central Committee, although several individual members had suggested it in LAND OG FOLK. "There have been voices calling for expulsion in several party districts, but that view is not supported by a majority of Central Committee members," Jensen said.

Is the statement intended as a warning?

"One can interpret it the way one likes. If the goal of the seven members was to present a statement of the problem, they have achieved that now."

But there has not been the debate on party policy that they called for.

"I do not know what they want. If they wanted something discussed in the party, they could bring it up in the party. They must do that in the future. The Central Committee has expressed itself with regard to the form of the criticism and the allegation that there are things one cannot get discussed in the party. If some members go around with that idea, we must of course see if there is anything in our regulations or elsewhere that provides a basis for such an attitude. There is nothing."

#### Faction Charge Denied

Carsten Clante denied that the seven constitute a faction within the Danish CP: "We work together artistically and drink a beer together once in a while, but we talk about sensible matters instead of the weather and the garden. It has nothing to do with being a faction. We have a right to talk to each other about things we agree about. It is hard for me to imagine that a party could forbid people to meet or express a mutual opinion on the crisis of the novel or current politics. It also makes me smile when the chairman of the Danish CP goes on TV, as he did Saturday night, to say what he thinks about us. He should certainly be the first person to use the correct procedure when we are being criticized for sending an article to the bourgeois press."

The comments of the party chairman do not seem to indicate that the seven have obtained the dialogue they wanted.

"No, I am sorry they have gone after individuals instead of chasing the ball. They started casting doubts on us and discussed whether we are good communists or not, instead of talking about the political problems of the Danish CP."

How will he react if things continue this way?

"If the whole thing ends up with the assertion that we are bad boys who have been throwing dirt around, it will not be the first time in the party's history. Our work is part of a process. We are not so conceited that we come along and demand that the party transform itself entirely and then feel insulted if it does not happen. But if one reads between the lines in LAND OG FOLK, for example, one can see signs of change, even so. They are smart enough to include letters to the editor that agree with our views, even though the ratio is only about 1 to 5. They have expanded the space for letters to the editor and print them in the weekend edition, for example, which they did not do before."

Will you pursue the debate further?

"I assume we will receive a reply in the form of a letter or whatever from the Central Committee and we will have to answer that. I am also very interested in seeing if the Central Committee will also respond to the contents of our article."

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CSO: 3106/133

## HEINESSEN TO GIVE UP MINISTER POST AFTER NEXT FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jul 82 p 5

[Article by Lisbeth Knudsen]

[Text] Finance Minister Knud Heinesen has now acted himself to put a stop to all the political speculations about his departure as finance minister. He will remain in his post for the lifetime of the present government, but after that he wants to concentrate on the post of party political vice chairman.

Throughout the entire hectic political spring, it was a general opinion at Christiansborg and in the Social Democratic Folketing group that Knud Heinesen was seeking an opportunity to leave the government and concentrate on the vice chairmanship. In an interview in DEMOKRATEN WEEKEND, Knud Heinesen admitted directly that there can be problems in combining the posts of finance minister and Social Democratic vice chairman.

"I have never made a secret of the fact that if I came in the situation where I must choose, I would choose the vice chairmanship. The next question is when this will happen. And as far as I can see, the best and most reasonable answer would be to see if I can remain as finance minister for the remainder of this government period. At some suitable time before the 1984 party congress, this matter should be settled," said Knud Heinesen in the interview.

Heinesen said he would like to have more time to put his energy into party activity, but added that there can also be political problems connected with the finance minister post for the vice chairman. "The announcements that must be made from time to time by a finance minister are not always the best announcements to come from a vice chairman. Take for example the wage negotiations with public employees who to a large extent constitute our electoral core."

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CSO: 3106/136

## LEADERS PESSIMISTIC JORGENSEN CAN GET PARTIES' COOPERATION

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jun 82 p 7

[Text] Although Anker Jorgensen has announced talks with all parties in September on the economic situation, among other things, neither he himself nor the nonsocialist parties believe in a cooperation resulting from the talks.

In a comment on the prime minister's plans for a "September round," Conservative Palle Simonsen said that the government is just trying to hide its real lack of power in dealing with the economic problems. The government has already chosen to cooperate with SF [Socialist People's Party] and cannot interfere with private savings and eliminate interest deductions with them and then establish solutions to the economic problems with the nonsocialist parties afterward, Palle Simonsen said. Solutions can be arrived at only if the SF cooperation is abandoned.

The prime minister, in an interview in the SiD [Semiskilled Workers' Union] paper, FAGBLADET, said it is interesting that some people say the Social Democrats should try to create a broad majority for itself. "Yes, but if such a majority is to be brought out of a hat, we must return to what was tried with SV [Socialist Left Party]. Now perhaps it is called SK ["Socialist Communist Party"] or whatever," said Anker Jorgensen, who also rejected the idea of entering the opposition in the present situation. "It would be a happier situation for the party to become the opposition, but it is more doubtful that this would be better for the members of SiD," said Anker Jorgensen.

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## PAPER SEES JORGENSEN 'IN VISE' IN NEXT FOLKETING SESSION

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jun 82 p 8

[Editorial]

[Text] The session of Folketing that formally ended on Constitution Day has left unusually prolonged echoes behind in this Folketing year. It is as if the discussion between the political parties on what the parliamentary conditions will be for the next session will not come to an end. The background for the discussion is that SF [Socialist People's Party] has obtained a pistol which it is aiming at the government's chest with the intention of pulling the trigger if it turns out in the fall that agreement cannot be reached on a tax reform on terms satisfactory to the socialist party.

At the conclusion of the Folketing session, the Radical Liberals were in a particularly tight situation. It is the responsibility of the Radical Liberals that we still have a minority Social Democratic government in power. It is the responsibility of the Radical Liberals that this government has been able to implement a quite expansive policy this spring, especially in the employment area. It will be the responsibility of the Radical Liberals if the government also comes through in the fall with a tax reform influenced by SF. And it will be the kind of responsibility that is hard for the Radical Liberals to bear. Niels Helveg Petersen decided somewhat late that the Radical Liberals should function as a bulwark against socialist tendencies. But either the bulwark will collapse when SF puts pressure on it or it will function in such a way as to sap the vitality of the government. The Radical Liberals are in the difficult situation where either they cannot withstand the pressure of the socialists or a change in government will result.

With these prospects in view, the Radical Liberals have sent out signals that the party is willing to enter into broad political discussions with nonsocialist parties. The Liberals have responded to the signals by issuing an invitation to hold talks and the Radical Liberals have accepted. There can be a recognition in this that the Radical Liberals have already written off the possibilities of cooperating with the present government. If that is the case, however, it would be more reassuring to have this

stated clearly. For it must be a prerequisite for talks between one of the government's former support parties and one of its most critical opposition parties that there is a more or less identical interpretation of the political situation. And as things stand now, the interpretation must be based on the assessment that there must be a change in government as soon as possible. If the Radical Liberals do not make a sufficiently clear break with the current government, initiating talks will do little good. But if the break is admitted, talks could be quite useful. With the additional assumption that the ultimate goal is to form a government that has a solid and sufficiently viable majority behind it. If the long course of the Folketing session can lead to a political clarification along these lines, the echoes from the session can be more valuable than the themes that were played while parliament held its formal meetings.

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## PROGRESSIVE PARTY SEEN TRYING TO END ISOLATION, CHANGE IMAGE

Copenhagen BERLINGSKE AFTEN in Danish 11 Jun 82 p 3

[Commentary by Hans J. Poulsen]

[Text] The Progressive Party has extended the peace pipe and has started cooperating in a small way with other parties in Folketing instead of pursuing a demonstrative policy. The change of course, which began after a number of years with poor election results for the party, may also have something to do with the fact that Progressive politicians are preparing themselves for a future without Mogens Glistrup's presence in the parliamentary group chambers.

The Progressive Party is not what it used to be. It would like to survive its puberty and liberate itself from the halo of its founder, Glistrup, a halo that has lost its glow with the loss of votes and seats in Folketing. Since its start in Folketing in December 1973, the Z [Progressive] list has had to say goodbye to several hundred thousand votes and 12 seats.

Those in inner Progressive circles increasingly recognize the need for a change of colors while there is still time. Gone are the days when the first item on the agenda was to agitate for the total abolition of the income tax.

Politicians in other parties and observers at Christiansborg have noticed a marked and previously unseen determination among Progressive people ever since the Folketing election half a year ago to seek cooperation with "people who think differently."

The desire to take a definite step away from the dissident all-or-nothing stance and choose coexistence seems to be gripping more and more of the 16 Progressives in the group.

This will also be apparent internally from the debate to be held when the Folketing group prepares its strategy for party activity in the upcoming



year in Folketing at an internal summer meeting to be held from 31 August to 3 September.

Uffe Thorndahl, 40, is chairman of the Progressive Folketing group. By means of an adroit balancing act, he has managed to supply this post--which used to have a purely formal character--with real substance and to establish the precedent that normally he is the one to represent the party with relation to other group chairmen in Folketing and he is the one who coordinates activities in general. There is a considerable difference between this and the Polish conditions in the party in the past.

Uffe Thorndahl himself gave this characterization of what has been called a new orientation:

"We have gradually achieved a relationship of mutual trust, politically and personally, with other parties--and this has happened in committee work in particular. Our fundamental position has been that instead of presenting ultimatum-like demands, we have been able to support the legislative proposals of a number of other parties."

#### Want to Discuss Everything

A leading politician from one of the big nonsocialist parties in Folketing has confirmed this presentation:

"It is obvious," this person said, "that they (e.g. the Progressives, Ed.) want to talk about everything instead of pursuing a policy of demonstration, as they did in the past."

In the extremely busy spring of 1982, Uffe Thorndahl was regarded as a first-class and objective man on the Folketing Housing Committee and it is known that Housing Minister Erling Olsen (Social Democrat), among others, has a high opinion of Thorndahl's qualifications.

The election last week of a state auditor from the Progressive Party was only a ripple on the parliamentary surface, but it is a fact that only an election alliance among V [Liberals], K [Conservatives], KRF [Christian People's Party] (e.g. three of the so-called four-leaf-clover parties) and the Progressives guaranteed the Progressive Party enough votes for such a post while V and K also got one each. The last time state auditors were elected, in 1978, the Progressives had enough seats in Folketing to lay claim to the post on their own.

The more conciliatory tones were also heard from the Z people during the nonsocialist consultations on the March package. Their representative behaved in a "very controlled" way at two meetings on the subject with the four-leaf-clover parties and it was very evident that he had been given a clear mandate to negotiate by his group.

When a Folkdting vote was to be taken in the last week on the proposed amendment to the controversial job-creation law, the Progressive Party first presented its own amendment proposal. But they withdrew this when it became clear that a Conservative proposal to amend the law was guaranteed the support of the four-leaf clover.

#### Abandoning the 1,700 Amendment Proposals

At the planned summer group meeting, the Progressive politicians will discuss the outline of 30 or 40 legislative proposals. Special interest is attached to how the party will deal with the budget this time. Last year, the Progressives--as a recurrent annual provocation--submitted their budget amendment proposals--1,729 of them--2 weeks late and had them printed up--as usual--in a special edition that could also be used as a kind of pamphlet in their propaganda activity.

There has been very little interest in what really stood in these proposals. It has become part of the political routine that the Progressive Party fires off this salvo of amendment proposals with a regular delay. The only real interest has been in just how late the proposals will come.

This time they will probably choose a different course of action. The idea has been presented that the members as a group prepare an alternative budget for 1983. And if it is up to group chairman Uffe Thorndahl, the alternative will be delivered on time this year.

#### Fewer Questions Asked

Another criticism made against the Progressive Party for lacking respect for Folketing's activities, was the mass production of questions to ministers. In the 1980-81 Folketing year, a good 500 of the 1,500 questions asked came from the Progressives. This inquisitive zeal has helped to reduce the question-and-answer period's worth to zero as a parliamentary opinion tool of any value. But also on this point, the Progressives seem to have been thinking things over lately--in the last 2 or 3 weeks before Folketing took its recess, the mass production of questions for the Wednesday question-and-answer session came to a halt.

The Progressive Party's new orientation has occurred without a bombastic war of statements between "hawks" and "doves" and apparently without its founder, Mogens Glistrup, trying to put a spoke in the wheels. The time has not been ripe for post mortems and the question is if it will go that far.

The development could be taken as an expression of a de facto move by a majority of the Progressive Folketing group to start writing off Mogens Glistrup and also his political behavior pattern. Can Glistrup's form be continued without Glistrup's presence? Does the chance to survive lie in moving closer to the working form of the other Folketing parties?

### Writing Glistrup Off?

The Supreme Court is expected to start hearing Glistrup's appeal early next April and has set aside 3 months in which to deal with the case. Thus a verdict can be expected a year from now. If Glistrup is found guilty of gross tax evasion, as he was in Eastern High Court, there is little doubt that a majority in Folketing will find Glistrup unworthy of membership, after which he would have to give up his seat in the current Folketing.

### Party's Future

Therefore it is very possible that the reasoning among a number of his own party colleagues in Folketing goes like this: if we are likely to be losing Mogens Glistrup as an active politician within the foreseeable future anyway, we may as well size up the party's future now. That can be the deeper underlying reason why they have staked out a more peaceful course--as well as the memory of the poor election results of recent years. In other words, a farewell to the ultimate populist line in which one day a person sneers at everything and everybody and the next asks rhetorically why no one wants to cooperate with him.

No one can tell today with any certainty how large a niche the Progressive Party can carve out for itself under new conditions. But there is a clear feeling in Danish politics that we are at the beginning of the end of the Glistrup era.

After its period of greatness, the most favorable likelihood for the Progressive Party is that it can stabilize at the level of around 10 seats. But it is just as likely to predict that the big protest party of the 1970's will be reduced in the 1980's to the same size as that of the right-wing Independent Party in the first half of the 1960's. In other words, five or six seats in Folketing.

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## RADICAL LEFT PARTY CONGRESS BACKS CLOSE TIES TO LABOR PARTY

Godthaab GRONLANDSPOSTEN in Danish 9 Jun 82 p 25

[Text] Inuit Ataqatigiit [Alliance for Eskimo Fellowship] and Sulisartut Partiiat [Labor Party] are seeking a suitable form of cooperation for the 1983 parliamentary election.

Cooperation between the two parties, Inuit Ataqatigiit and Sulisartut Partiiat, will have the nature of something like an "unsanctified marriage." The parties still intend to be "the third alternative" in the Landsting election of 1983 but there will not be any real party merger.

That is the way the situation looks after the Inuit Ataqatigiit national congress in Nuuk during Pentecost. The original idea was that Sulisartut Partiiat would also hold its congress then, but this was postponed until October.

"Our local sections have not had enough time to discuss the idea of a merger," said Sulisartut Partiiat leaders.

## Inuit Suleqatigiit Still Viable

"The plans for party cooperation still exist and we also intend to run in the parliamentary election as 'Inuit Suleqatigiit,'" said the chairman of Inuit Ataqatigiit, Arkaluk Lynge.

"Inuit Suleqatigiit" is the name of the technical party cooperation the two parties also practiced in the Folketing election of December 1981, which gave them around 13 percent of all the votes cast on that occasion.

A similar result in a Landsting election would give them three or four representatives in the Greenland Landsting.

The raw materials situation and ownership rights to the Greenland underground region are two sets of problems that Inuit Ataqatigiit connects closely and in a comment to the debates at the national congress, Arkaluk Lynge said:

"Of course we oppose the Canadian supertanker project, APP [expansion unknown], but we have also asked the parliament and the government to stop oil exploration in Jameson Land.

"This attitude is due among other things to the fact that the transport problem has not been solved, so it is possible that Jameson Land will become a new APP.

"But behind our opposition also lies a more general position. We do not intend to approve any form for underground exploitation before ownership rights to this area have been guaranteed for the people of Greenland," said Arkaluk Lynge.

#### Inuit Ataqtatigiit Leaves Anti-EC Movement

"We have been hoodwinked over the OLT [Overseas Lands and Territories] arrangement," said party chairman Arkaluk Lynge.

Inuit Ataqtatigiit feels it has been tricked by the other cooperating partners within ANISA, the Anti-EC Organization. This involves the question of an OLT arrangement for Greenland which has become a stumbling block and at the national Inuit Ataqtatigiit congress during Pentecost, it was decided that the party should withdraw from the ANISA cooperation.

"When we went into the ANISA cooperation, it was with the goal of getting Greenland out of EC.

"We are not satisfied with the fact that the Siumut Party's [socialist, radical home rule party] stand on an OLT arrangement has permeated the entire ANISA movement," said Inuit Ataqtatigiit chairman Arkaluk Lynge in a comment after the congress.

#### Politically Binding

Instead of an OLT arrangement, Inuit Ataqtatigiit wants Greenland's status regulated through a third-country arrangement, like the one applying to the Faeroe Islands.

"The main reason we want to have ties to EC at all is to obtain a duty-free status for our exports of fish and fish products. We could achieve this duty-free status without an OLT arrangement," said Arkaluk Lynge.

He also said that an OLT arrangement would be far more politically binding for Greenland than has previously been assumed.

An OLT arrangement would present an obstacle to the cooperation among Eskimos in Greenland, Canada and Alaska, which has been launched via ICC [Inuit (Eskimo) Circumpolar Conference], he said. "If one takes this cooperation seriously, one must reject not only EC but an OLT arrangement as well."

Inuit Ataqatigiit people are not happy with the aspect of an OLT arrangement that involves the right of foreign citizens to establish businesses in Greenland either.

"We would be forced to allow citizens of all EC countries to set up businesses in Greenland and this would deprive our Landsting of the opportunity to control the country's business life effectively," said Arkaluk Lynge.

Arkaluk Lynge also said that the formal announcement of the withdrawal from ANISA will be presented to the ANISA committee at its next meeting.

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## EDITORIAL RIDICULES GOVERNMENT RESHUFFLE

Athens RIZOSPASTIS in Greek 1 Jul 82 p 3

/Editorial: "Reshuffle --For What Purpose?"

/Text So, the "restructuring" has taken place. And not at all by chance the propaganda of the Right and the pro-government propaganda is trying to conceal its substance. What is this substance? It is that an attempt is being made to legislatively secure for Mr Papandreu a trend toward a centralization of super-responsibilities. A trend that ignores the need for ensuring a greater popular and democratic control that a government of genuine change should have been pursuing.

It is exactly this trend that the propagandists of the ruling class and those who make up its honored fellow-travellers are attempting to cover up. The propaganda of the Right was exhausted over ...the number of ministers and the burden of the state budget to the tune of about 16 billion drachmas "at a time of frugality!" The pro-government propaganda renamed the trend toward a further centralization of governmental authority "complete coordination."

Of course, it is the government's responsibility to judge in what way it can more effectively carry out its policy. Nevertheless, it is a political matter that concerns all if it deems whether a more effective way is greater centralization or a curbing of centralization. And Mr Papandreu appears to be tending toward a greater centralization in his "decentralized" government.

This step is linked to the imminent government reshuffle. Of course, it is the task of the government to see to it that it has that kind of composition that would ensure the best implementation of its policy. What concerns the Greek people is what policy is being implemented. Usually, bourgeois governments have recourse to reshuffling as a rebaptism in the "Siloam font." Responsibilities for their pro-monopoly policy are heaped upon --usually in a roundabout fashion-- on a few individuals, called scapegoats. These individuals are dismissed from government and the old story continues....Never is the policy at fault, the substance of policy that the government, and above all its leaders, drafted and implemented. At fault is supposed to be the lack of mobility, coordination, efficiency, etc.

Both the moment and the context of the political situation that has developed today show that the present government reshuffle does not aspire to move away from this tradition. Anyone who tries to answer the following questions could come to this conclusion. Will the "restructured" and "reshuffled" government set some timetable for getting rid of the American bases or will it consider that something like that resembles...doll games? Will it perhaps request Mr Karamanlis to proclaim ... a referendum over the EEC, or will it exploit the parliamentary majority to revoke the enslaving agreement of entry into the EEC? Will it revoke the new Law 1262/82 over privileges? Will it legislatively secure the system of automatic cost of living adjustments? Will it ignore the EEC and set support prices for agricultural products?

Will it perhaps abolish the policy of the "liberalization" of the market or will it abolish the appointed GSEE /Greek General Confederation of Labor/ administration and will stop the undertaking of the splitting of the labor movement? Will it stop giving privileges --and VIAMAX /as published/-- to foreign capital? Will it perhaps remember that "a firm antimopolistic policy is needed" and that "the cause of inflation is monopoly profits?" Will it remember that "PASOK's position" was "No to the EEC, No to NATO?" Or will it continue to seek edifying proposals for detente and peace amidst the proposals of the Pentagon hawks and to have visions of an ideological nature or other uprisings in the EEC board?

It is exactly these questions and the answers that appear to be outlined -- when one takes into consideration the PASOK government's policy up to now that has been shaped with the direct responsibility and intervention of Mr Papandreou-- that are creating more basic anxieties among all those who voted for a change, that the "restructured" government has as its purpose to implement, more effectively, more decisively and more "actively and in a more coordinated fashion," the rightist turn that has at last been etched into PASOK's policy.

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## COMMUNIST YOUTH ORGANIZATION ISSUES STATEMENT

Athens RIZOSPASTIS in Greek 25 Jun 82 p 3

/Text/ We are publishing today the basic points of the decision of the Eighth Assembly of the KNE /Greek Communist Youth/ Central Council.

"1. In an international atmosphere that is continually becoming more acute, the KNE is called upon today to strengthen its activity and vanguard role among the youth. The aggressive and adventurous policy of the most reactionary circles of imperialism, headed by the American one, is expanding its cold war character and new warfronts are being opened. The barbaric genocide of the Palestinian people and the progressive Lebanese by Israel is now taking place, motivated in its criminal and terrorist action with the direct encouragement and support of American and NATO imperialists.

"The KNE Central Council expresses its abhorrence over the crimes by Zionism; it maintains solidarity with the two peoples who are fighting the invaders; and it calls upon all members of the KNE to stand in the front line of the movement for solidarity.

#### The Government's Policy

" 2. The government's policy does not promote solutions to the problems of the people, and during the recent past it has moved away --indeed, at a rapid rate-- not only from its proclaimed positions but has veered to purely rightist ones. Recent characteristic examples of this policy: the visits of Haig and Rogers, and the successive visits of other NATO generals. The complete alignment with the NATO line, as was especially manifested by the participation of Mr Papandreou at the recent NATO summit conference in Bonn, his meeting with Reagan, his statements about a so-called 'shift' and 'peace offensive' by NATO, as well as the simultaneous abandonment of the idea of a denuclearized Balkans. The adjustments made within the EEC and the complete acceptance of EEC rules. The economic measures, the position taken in strike movements, the non-acceptance of the basic positions of the university factor in the basic law, the withdrawals under pressures by the Right and the oligarchy, as well as the law on the democratization of the trade union movement. The new privileges given to monopolies with the law on so-called 'motivation.' All of these factors confirm that the government is not tracking an independent policy to the benefit of the workers but is seeking solutions within the Atlantic

framework, the regime of dependency and the immune actions of the monopolies.

#### Problems of Youth

"3. Within this context, the problems of youth are being confronted. Very few positive measures --voting rights at 18 years of age, right of youth to join labor unions, a few positive provisions concerning regulation of student societies-- and certain announcements on working conditions and wages of working youth cannot significantly improve the life of youth, and, at any rate, do not move out from the framework imposed by the sovereignty of the monopolies. In no way can it be considered that they promote a prospective for real change.

"In the meantime, the problem of unemployment among the youth cannot be confronted with the subsidizing of employers by the OAED [Labor Force Employment Organization], i.e. with the money of the workers. The problem of unequal pay to working youth has also not been confronted.

"Despite governmental proclamations, private education is being maintained. The level of public education remains low and class distinctions continued. Expenditures of the state budget for education remain at previous levels (or are reduced to certain points). The democratization of education is making no progress. There are even serious negative governmental actions, such as the prohibition of distribution of printed matter in schools. Growing especially acute are the problems of technical and vocational training in all levels, as well as the impasse being met by graduates. The basic law on the AEI [expansion unknown] is definitely moving logically toward the modernization of the framework of the monopolies' aspirations.

"In the armed forces, there remains the autocratic and reactionary regime, while the demand for the reduction of military service is being put off for the indefinite future.

"4. This government policy has as a necessary consequence the systematic attempt by PASOK, with the aid of governmental apparatus, to guide the new popular movement, to become the unconditional praiser of government policy, to blunt its anti-imperialist antimonopolist conscience and to immobilize youth in the role of a passive observer of events.

"There are all the more manifestations of anticommunism that aim at placing the KKE and KNE on the sidelines, at reducing the obstacles that can bring such a policy into being.

#### Vindicative Struggles

"5. Broad masses of youth, especially during the pre-electoral period, were mobilized under the banner of anti-imperialist and antimonopolistic slogans, and the vision of a genuine change matured in their beings.

"They fought and voted for another change, that of national independence, out of NATO and the EEC, without bases and nuclear weapons.

"They fought and voted against unemployment, vocational uncertainty, discrimination and reactionary and anachronistic education.

"Today, the policy of the government belies these hopes. Youth has militant intentions and a developed form of dissatisfaction, as proved by the demonstrations that have taken place recently.

"Despite all of this, however, a large proportion of youth still remains outside of the mass struggle. And still, more dissatisfactions that exists does not automatically mean political awareness.

"The basic duty of the KNE, as evidenced by the decision of the KKE Central Committee Plenum, is to elevate its vanguard role in the development of the vindicative struggle of youth in an anti-imperialistic and antimonopolistic direction.

"A deciding condition is the common, united action of youth, on the basis of the common goals of change, regardless of their party selection.

"Within the mass areas, but also in political and other activities, the KNE needs to develop the most broad and systematic attempt for the unity of youth. Such rallyings at the grass-roots level can also put pressure on PASOK youth so that it might abandon, at least for certain issues, its anti-unity tactics.

#### Tough Battle Against Weaknesses

"6. The period through which we are going is critical and our effectiveness today will determine to a significant extent the further course of the new people's movement. To have our course materialize, we must decisively improve the quality of our overall task and primarily our guidance task. Productivity from all our cadres must rise."

The decision concludes as follows:

"We are moving forward toward the Eighth Festival and the municipal elections battle. These are big-scale political battles in which the organization will be tested. Their criticalness is evident for the course of the struggle for the road toward genuine change. Especially in the municipal elections, we must ensure that the young voters in their great majority will cast their votes for the comrades supported by the KKE.

"For that reason, we must daily wage a tough battle against our weaknesses. To make the KNE even more capable to play a vanguard role to rally the youth for anti-imperialist and antimonopolist struggles.

"In this way we will meet the 11th KKE Congress, having made the best offer and given the best conditions for its success, as far as the KNE is concerned."

Athens, June 1982

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CSO: 4621/430

## MORATORIUM MAY BE STARTING POINT FOR DIALOGUE

Paris LE MONDE in French 25-26 Jul 82 pp 1-2

[Article by Bernard Brigouleix: "Greek-Turkish Relations"]

[Excerpt] Greece and Turkey have signed a moratorium suspending, for "a certain number of months" all statements and actions "which could hurt the climate needed for a dialogue."

This moratorium is aimed at two types of behavior which, as it apparently is being understood both in Athens and Ankara, could only end up hurting both parties: the revindicative, if not bellicose, statements, and the air and territorial waters violations. United States warnings no doubt played a part in this effort. Washington was tired of seeing its two Aegean allies conduct an unending war of words and Mr Haig, the then secretary of state, had attempted, during his tour of Greece and Turkey at the end of May, to have his successive interlocutors understand that their blackmail about closing U.S. bases would not convince the Department of State of the need to arbitrate their differences by applying pressure on either one.

Air or naval violations were especially committed by Turkey. Indeed, Ankara seemed--whether deliberately or not--indifferent to the strict observance of territorial limits. In defense of Turkey, however, it must be said that the wide dissemination of the Greek islands in the Aegean Sea, including those along the Ottoman coastline, transforms the issue of territorial waters and air space into a veritable headache. Each violation was denounced vigorously by Athens. Greece had often attempted to draw international attention on "Turkish expansionism." Mr Papandreou, whose victory at the polls last October had had undeniably nationalistic overtones, had not minced his words since his arrival in power against the ambitious designs he attributed to Ankara.

The visit of the Turkish prime minister to the "federated state" in the northern part of Cyprus, that is, to the zone occupied by the Turks, had exasperated Athens.

Nevertheless, a first hope for appeasement had appeared with the adoption of a joint declaration at the last NATO summit in Bonn in June, in which the Greek and Turkish delegations expressed their intention to favor the search for a

solution to their conflict. The moratorium announced on Thursday brings the official seal of approval to this demarche.

A great deal remains to be done in Athens and Ankara to settle the dispute. Prudently, no precise time period was specified by both sides.

The issue of territorial waters, that Athens would like to extend from 6 to 12 miles, generates other questions: fishing rights, offshore drillings, definition of the continental shelf, air and sea traffic, etc....

Mr Papandreou, who is reputedly aiming at launching a large-scale "Balkan policy" and who probably would not be loath to discussing the Cyprus problem with Turkey over the head of President Kyprianou--whose new positions he disapproves of--may well grab this opportunity to start a dialogue--albeit very prudent--with Ankara.

CSO: 4619/117

## EDITORIAL DERIDES GOVERNMENT RESHUFFLE

Athens I VRADYNI in Greek 5 Jul 82 pp 1, 2

/Editorial: "A Mountain Labored and Gave Birth to a Mouse..."

/Text/ A mountain labored and gave birth to a mouse? This question started being asked Saturday afternoon when the names of the members of our second PASOK government were announced. Because a few changes were made but a significant change does not appear to have been realized. If one were to make an exception of the economic sector where bankers were called on to rescue the distressed Greek economy, the government reshuffle was basically restricted to ministerial "musical chairs." Only four ministers were finally dismissed, and those who are coming into the government for the first time are only three --by coincidence, all three bank directors-- while the fourth, until now chairman of the board of a bank, has become a deputy minister...

We have no bias against bank directors. However, we do have serious doubts if this transfusion of bank blood will prove capable of saving the Government of Change from bankruptcy. Mr A. Papandreou could, of course, object to us that he had no other choice. Because the inexperienced and untried cadres of his movement which was brought to power on 18 October 1981 through an inflation of pre-electoral promises, belied all expectations within a period of 8 months. How can he entrust primary ministries to other inexperienced and irrelevant individuals? Thus, technocrats constituted for him the only solution!

The plethora of ministries, of ministers and of deputy ministers that he himself had created --the government, that is being sworn in today, is the biggest one in the history of the country-- permitted PASOK's president to hold on to many of his most unsuccessful coworkers and satisfy quite a few of the new deputies of his movement. Messrs N. Akritidis, E. Giannopoulos, E. Veryvakis and A. Kaklamanis were all saved by their transfer to other ministries, while Messrs G. Lianis (!), G. Moraitis and G. Katsifaras were also shifted but at the same time promoted, and only Mr Evst. Giotas' survival was reserved, with the humiliating demotion, however, to deputy minister!

The "big knife" of the government, the minister to the prime minister, became a first-class minister and proved himself unshaken as, of course, did the members of the executive office whose ministries in turn rose in order of precedence.

Also unshaken were --to general amazement-- Mr A. Tritsis and Mrs Melina Merkouri! And instead of Minister Hop, Hop, Hop [as published] Akri(v)idis [pun on name: Akrividis instead of Akritidis; Akrividis suggests "expensive"] and Mr Giannopoulos, up-to-now Minister of Coordination Ap. Lazaris, one of the least serious and not unsuccessful government factor, and Mr Sakis Peponis, who was not really one of the worst ministers of the first PASOK government were dismissed. Deputy ministers were also beheaded, such as Mr G. Petsos and Mr I. Papaspyrou who is not at all moved by the idea of being adopted as a PASOK party candidate for the municipality of Piraeus. Why? The will of Kastrion is not only mysterious. But it must be acknowledged that the prime minister had to accommodate many and much.

Only one beheading caused more general satisfaction instead of questioning. We refer to Minister of Justice St. Alexandris who, although as a lawyer had acquired a good reputation, linked his credentials in the Ministry of Justice with corruption. The photographic law over the disguised amnesty of criminals that he promoted, for the sake of a publisher of a pro-PASOK publication, and his uncalled for intervention in the task of the Ministry of Justice, over which he had been criticized, will remain in history. In his time, the magistrates courts issued the well-known decision against the ESIEA [Union of Athens Daily Newspapers Editors] that led to the disciplinary prosecution of his friend, G. Kalamaras, and to the stern written reprimand of Justice Panagiota Stamatakou. His activity must serve as an example to his successor, Mr G.A. Mangakis, to avoid.

However, the dismissals of Messrs St. Alexandris and Man. Drettakis that had been fostered by his FAP [Real Estate Tax] is not sufficient to bring about an "opening" in PASOK. When, in fact, it is tied in with the staying on and the "musical chairs" of many others, plus the utter failure of their coworkers and the not too sound activities as the mobilization of bank directors (who had remained just 8 months in the administration of their firms), as well as the return of the well-liked Mr Asim. Fotilas as deputy minister, an individual who was the first to have had the sad privilege of being dismissed over radio and television.

The "restructuring" with which Mr Papandreou hoped to dispel the impression of the overall failure of the first government --so that PASOK might not be submerged in the municipal elections next fall-- will prove to be "much noise about nothing," unless Messrs G. Arsenis and Dim. Koulourianos are revealed to be ministers more magicians than they were as directors of big banks. However, it is difficult for one to rely on miracles in politics, and the over-inflated second government of Mr Papandreou, with changes but with no genuine "Change" appears most probably to follow in the footsteps of the first --and will be linked with the same failure.

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CSO: 4621/431



## BIOGRAPHIC DATA ON THREE NOMARCHS

Athens TA NEA in Greek 5 Jul 82 p 8

/Excerpts/ 1. Manos Kokkinos, nomarch of Kerkyra, was born in Nisyros, Dodekanisos, in 1935. He had been living in Rhodes since 1947 where he graduated from the high school there in 1953. In 1958, he graduated from the University of Athens School of Law. From 1958 to 1961, he served as a reserve officer in the Air Force Legal Office. He has been practicing law in Rhodes since 1961 and was promoted to lawyer by the Supreme Court.

He was a member of the 20-member Liberal Youth Central Committee in 1957; president of EDIN /Greek Democratic Youth/ of Rhodes in 1964; a founding member of PASOK in Rhodes; and a member of the PASOK Professional Group in the Dodekanisos. He was a professor in the Advanced School of Tourist Professions in Rhodes and taught "principles in law." He was a PASOK candidate from the Dodekanisos in the 18 October 1981 elections.

2. Fanis Donas, nomarch of Xanthi, was born in Ilektra, Messinia, in 1936. He studied mathematics in Athens and took an active part in the /Law/ 114 and the 15 percent (over Education) student struggles, as well as in two other unyielding struggles.

In the latter part of 1969, he settled in Katerini. He became a member of PASOK in October 1974. He is married and the father of two children.

3. Petros Rizos, nomarch of Thesprotia, was born in the town of Khalkiades, Arta, in 1942. He is an agriculturist. He is a descendent of an agricultural family and he studied at the Agricultural School of Naples, Italy. He is one of the founding members of PASOK in Arta.

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CSO: 4621/431

POLITICAL

GREECE

NEW PUBLIC EMPLOYEES MOVEMENT ESTABLISHED

Athens I VRADYNI in Greek 30 Jun 82 p 2

/Text/ ASDIK /Free Public Employees Movement/ has been officialy established by public employees. Its prime mission will be the creation within the public sector an atmosphere that will keep the public employees labor movement far from any party competition whatsoever.

In an announcement made, ASDIK states that its ambition is to elevate the trade union movement in the public employees sector and to improve the productivity of the public administration.

The ASDIK announcement added that it is not against any political party, that it does not have any political goals nor any party affiliation.

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CSO: 4621/431

POLITICAL

GREECE

BRIEFS

COOPERATION WITH BULGARIA--A new protocol for cooperation was signed on Thursday in Salonica between the TEE /Technical Chamber of Greece/ Central Macedonia Division and a delegation of the Scientific and Technical Union of Blagoevgrad of the People's Republic of Bulgaria. The 1982-1983 protocol deals with prefabricated construction matters, equipment and personnel security, fire fighting, traditional architecture, telecommunications systems, environmental protection, technical training, urban infrastructure, development of water resources, etc. The protocol was signed by Mr Patramanis, president of the TEE board, and Mr A. Konstandinov, president of the Bulgarian union. /Text/ /Athens RIZOSPASTIS in Greek 3 Jul 82 p 9/ 5671

CSO: 4621/430

## FGCI LEADER CRITICAL OF PCI POLICY

Rome L'ESPRESSO in Italian 27 Jun 82 pp 25-26

[Interview with Marco Fumagalli, secretary of the FGCI [Italian Communist Youth Federation] by Pietro Calderoni: "If I Were That Party"; in Rome; date of interview not given]

[Text] Rome--At Botteghe Oscure, that applause was most unwelcome. What happened? Well, what happened was that at the last congress of the FGCI a motion critical of L'UNITA--accusing of having dealt too passingly with congressional actions and with the problems of youth in general--was approved with a standing ovation. A lengthy applause that did not go down well with many of the PCI [Italian Communist Party] leaders. Not so much because that handclapping was seen as a finger pointed at L'UNITA but rather because it was perceived as a sign of open criticism of the party. Big Father being put to question by his children? How could that have come about? And why? We asked this of Marco Fumagalli, secretary of the FGCI (just as Berlinguer had been during his youth), 28, of slender build and a confirmed Eurocommunist. A person of clear ideas. About the PCI as well.

[Question] So, Fumagalli, that applause...

[Answer] So, why? There's no point in beating about the bush: That applause also contained a very pointed criticism of the Communist Party. Why a criticism? Well, because the PCI must take cognizance of the fact that we youths of the FGCI are today the communist vanguard, that it is we who are spearheading new ways of thinking, of reacting, of spreading culture. We have understood that in the present Italian reality there are factors that are casting doubt on many aspects of the communist culture, of the culture of the workers, of the PCI itself. There are new issues, like a different relationship with policy, a different conception of sexuality, of music, of the environment. And this being the case, we ask that these new issues be discussed. The party is having great difficulty in quickly taking hold of these new ideas; hence a partial explanation of that applause. The time has come to also reconsider the theorem that the sole centrality is the workplace.

[Question] Has this become a false theorem?

[Answer] The society in which we live is much more complex than many of our older comrades perceive it to be: Perhaps more important than a job, to us young communists today, is the guaranty of a satisfying quality of life. Not to see this is to be blind. Not to accord dignity and power to the unemployed, to the disadvantaged, in sum, to those who are being classed as "the new social element" is an extremely grave political mistake. But try, if you will, to tell an old worker who has lived his entire life in the workplace that work is, after all, not everything...

[Question] That may be. But what do you and your people propose in its stead?

[Answer] Until a year ago, it was fashionable to speak and write of the young "trash," mired in mud, unable to express themselves and no longer troublesome. We were considered done for. Then, something happened: A widespread sense of malaise arose among the young, a critical attitude toward everything and everyone. What was the response? Get back into line or we'll ghettoize you. We have even read this in L'ESPRESSO. It was an attitude displayed by sectors of the Left and of the PCI itself.

Take drugs, for example. What is the current attitude toward our 200,000 young heroin addicts? Simple: They are labeled with old cliches. They are dismissed as drugged persons, violent persons, persons who steal. And so it is that in some sectors of the PCI one even hears talk of forced confinement, like the Lenad di Torino. This is an example that explains many things: An example of a culture that tries not to see heroin as a dramatic, responsible and deliberate choice being made by thousands of young people as their way of rejecting this society, this way of living and of making policy. In a word, I have the impression that the will does not exist within the party to recover these youths. I don't know, but it seems to me the authoritarian concept of things that refuses to recognize the existence of diversity, no matter how it may be manifested, is still deeply rooted within the party.

[Question] Can you give some examples?

[Answer] I have already given you one. I will give you another: The trade unions. Today, they represent the strong, secure, employed working class. Fine, but what about the others? What about the unemployed young, those without steady jobs, those who do the work no one else wants to do? Nothing, dead silence. What I say then is that a labor union without the courage to open its ranks to all who do not have guaranteed jobs is shirking its responsibility and no longer represents the work force. And I add: Labor union contract negotiations must be tied to the needs of the young. Cognizance must be taken of the fact that the primary emergency in Italy is unemployment in the ranks of its youth. The working class must safeguard its wages, but it must also safeguard its younger sector, otherwise it is not carrying out its functions. To say nothing of the fact that a refusal to open up doors to the young could have serious political consequences. If one considers that within the next 2 years there will be 3 million unemployed youths, it is clear that we will be facing a social crisis. What form will their protest take? These youths will be carrying neither a PCI card nor a PSI one, but why should they? The labor unions, however, seem to move only according to balancing acts within the parties...

[Question] But then nothing seems to be going to your liking.

[Answer] Some things are. For example, we attribute a great deal of importance to such new things in the party as the Central Committee on Culture and the debate on the "third way." A free debate has been opened in the PCI without precedent in other parties; but it is also true that for certain comrades within the party, Croce's view, according to which being young is merely a period in life like any other, continues to be a valid one; and they discover the young only when they must be mobilized to deal with an earthquake or for peace marches. Frequently, the attitude toward us is as if to say: "But who do you think you are? You've only just got here and you're already trying to teach us something." But if anyone is thinking in terms of making mere water carriers out of us, he is making a big mistake.

[Question] So?

[Answer] It must be realized in the PCI that being a young communist today is not the same as it was 30 years ago. Today, a youth 17 or 18 years of age does not become a communist by reading Marx. He does so by other routes. 1968 is a long time ago. It is seen almost like the Resistance--an important period historically that one talks about, but very remote in time. The PCI must understand that the youth issue is the crossroads of Italian politics. Not to grasp this fact is to abandon an entire generation to shift for itself. And as for the other parties, political activity is now reduced to debating solely on the muscular tones of Craxi's pronouncements. We talk more about Garibaldi than about schools and drugs. In the PCI, things have to be different. We want to have our say in the party's policy lines as well. Thus, just as we criticized the period of the historic compromise, today we say the alternative is acceptable, but the party must clarify exactly what that alternative is. In sum, it is not sufficient to say, "Let us form a government without the DC [Christian Democratic Party]." Then what? And with whom will we form one? In short, we want to contribute to the building of this alternative, but we demand to know what this is all supposed to be leading to. Otherwise, we end up justifying the unemployed youth who, realizing he has no credible alternative, prefers to go out and campaign electorally for Gava; because he knows that in one way or another this guarantees him a job.

[Question] How would you define today's communist youth?

[Answer] We want to be neither the critical conscience of the party nor a leafy frond of the PCI. The fact is we are the first myth-less generation. We grew up in the era of Vietnam, Pol Pot's Cambodia, Afghanistan and Poland. The experience of those governments has nothing whatever to do with the socialism in which young people believe. In fact, from our viewpoint, there are no models for our socialism, not even that of the "third way." For too many years it has been believed that finding socialism would result in resolving all our needs. I believe that today this reasoning must be inverted. I say: Let us resolve the problems, and you will see that we will find socialism. You might say to me: And what if it were called by another name? To which I would reply: I am not tied to any terminology... "

## CHRISTIAN DEMOCRATS 'OPEN' TO COMMUNISTS IN BARI

Rome L'ESPRESSO in Italian 27 Jun 82 p 23

[Article by F. D. V.: "Bari: Open City"]

[Text] In the Apulian Capital, the DC [Christial Democratic Party] has opened up to the communists; but in Rome, it is an entirely different tune.

Rome--The invitation has been extended by the Apulian DC. Its regional directive declares its interlocutory action against the PCI [Italian Communist Party] terminated and proposes meetings among the constitutionally recognized parties to launch a unitary Regional government. Is it the extending of that opening to the PCI by De Mita's DC that so frightens the socialists and social democrats? Or is it, as the communists fear, but another trick, another of the many skirmishes in the "conflictual cooperation" relationship between Christian democrats and socialists?

In any case, for the past 2 weeks, Bari has become the crucible of the national political laboratory. The destination of the emissaries of the party secretariats, who want to assess matters firsthand. The point of departure for the regional managements, who are flying to Rome to make their firsthand reports.

The event has also been thrown into the big inter-governmental-party "assessment" cauldron. "If the DC is changing policy in the direction of recovering the PCI and seeking an understanding with it, then political elections are not too far away," says the social democratic secretary, Pietro Longo.

At the origin of the DC initiative is the failed understanding with the socialists on the dividing up of positions in the regional council. "We had signed an agreement that gave us the agricultural councillorship," says Mimmo Carella, regional secretary of the PSI [Italian Socialist Party], "but [Ms] Coldiretti protested violently and the DC backed out of it."

The Christian democrats reply accusing the socialists of having a secret pact with the other laic parties. In short, the facts are as follows: The problem of bringing the liberals into the council had already arisen, and this had

compelled the DC to give up one position. The concurrent relinquishment of the agricultural councillorship would have turned out to be too high a price. The socialists therefore got the liberals to defer for a few months their entry into the council, when the agricultural position would no longer be negotiable.

The notion of a government of six, therefore, including the communists, had its origin in an approach toward resolving this impasse. "We are not against it," affirms La Ganga, "and the proof of this is that in the first meeting of the six our regional secretary proposed a communique expressing the intent to end up with a unitary government. The DC rejected it on the grounds that it was premature. It is clear, however, that in the event of a government of six, the laico-socialist ambit will insist on having the presidency, to avoid being squashed by a direct pact between the DC and the PCI." A price the DC could find too high. Francesco D'Onofrio, the DC's head of local organizations, however, considers "talks on the future makeup of councils premature. Our Apulian friends," he says, "are acting within the bounds of their functional autonomy. If at the conclusion of their talks they propose a council that includes the communists, the central directorate of the DC will be called upon to make the final decision." Lastly, Massimo D'Alema maintains that "The DC initiative contains an element of merit, namely, its recognition that the pitting of conflictuality against governance is counterproductive of progress. But it can also contain a danger, namely, that it may be aimed solely at frightening the PSI in view of an approaching test for the national government."

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CSO: 3104/243



## ELECTION CONGRESS, PROGRAM OF LABOR PARTY

Rotterdam NRC HANDELSBLAD in Dutch 12 Jul 82 p 3

[Text] The Labor Party no longer intends to ask D'66 [Democrats '66] not to participate in a cabinet of CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy] after the elections. A passage on this point was deleted from the draft of the election platform Saturday by the Labor Party Congress, thus expressing a clearly present anti-D'66 feeling.

The congress loudly applauded a delegate's remark that after its part in the present interim cabinet the D'66 must now manage "without the help of its big brother." The party leadership decided to comply with the deletion of the passage concerning the D'66.

Upon reelecting Den Uyl to draw up the ticket, the Labor Party Congress accepted the election platform without substantive changes. In contrast to previous times, the congress this time generally followed the proposals of the party leadership.

The discussion concerning peace and security proceeded with unexpected speed when the Utrecht delegation's motion was passed to keep the text of last year's election platform in lieu of the up-dated platform that was then scheduled for discussion. Amendments, such as one to reduce to zero the number of Dutch nuclear assignments, were thereby unable to reach the floor. The previous platform for defense calls for the maintenance of one, at most two, nuclear assignments for the Netherlands in NATO.

## Minimums

A proposal to exclude the VVD from cooperation gained little support. Likewise, the broad majority of the congress felt no sentiment for entering into a combined ticket with CPN. Contrary to the wishes of the party leadership, the passage was deleted which called for "an appeal by the Labor Party to the voters to avoid the possibility of a CDA/VVD cabinet." The congress deemed it better to urge the voters to elect directly the Labor Party.

The congress made the most radical changes on the matter of minimum incomes and the redistribution of work. The text concerning the fall in purchasing power for minimum incomes was accentuated and now reads that a drop of 1

percent has been justified only when the drop in purchasing power of the highest incomes amounts to at least 4 percent. Subsequently, the drop for the minimum incomes was further limited to a "maximum" of 1 percent.

Party Chairman Van den Berg afterwards offered the interpretation that in his opinion the figure of a 1 percent maximum should not be regarded as absolute, but merely states the ratio to the data of the highest incomes. The intention of those who filed the amendment, however, was really to limit to 1 percent a year the decline of the minimums for fulltime employment.

According to Den Uyl and his party leadership, the redistribution of work is the central topic in the election program. Following a motion of the congress, the text on this matter was likewise made more pointed to provide that the purchasing power can drop more than 1 percent only in the case of shorter work hours per person, and this on condition that higher incomes then show four times that much, and that the income of households with only one wage earner be supplemented to meet the social minimums. The party leadership declared itself in agreement with this roundly supported amendment.

The congress rejected the proposal of its party leadership to advocate a shorter workday primarily for newcomers in the labor market. The congress regarded this as discrimination against young people and women.

#### The Schouten Plan

The same fate was met by the Schouten Plan for the substitution of tax reductions for cost of livings allowances. The party leadership had intended to make the plan the object of negotiations between the bargaining parties, but the congress believed that it excessively undermined the position of trade unionism and deleted any reference to the plan.

The congress seemed to be in accord with the passage asserting that the scope for further income leveling between minimum and 1 and 1/2 times minimum has been procedurally limited. It also supported the proposal to tie the benefits of the Law on Labor Disability Program to the length of employment. Party Chairman Van den Berg had argued that this limitation was necessary to save the program which otherwise is threatened with insolvency. By a vote of 253 to 210 (a written ballot was deemed necessary), the congress declared that the land should be brought under communal control. The party leadership had attempted to insert the word "gradually," but the congress felt it was superfluous and ruled that all land should be brought under communal control in the next 4 years. Also, the limit for the deduction on interest on mortgage was reduced from 350,000 to 300,000 guilders. The nuclear centers should be closed as soon as technically possible. An amendment to close them unconditionally was rejected. The view was widely adopted that test drillings for the storage of radioactive waste are unnecessary and that research in nuclear fission may be directed solely to dismantlement and salvage of existing systems.

An amendment to permit scientific development on a very limited scale was rejected.

Again, a scant majority accepted the position that the policy on emancipation should gain a more prominent place in the platform. The congress continued to uphold the viewpoint that the present division of labor and sexual oppression are the principal factors limiting the position of women in our society.

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CSO: 3105/196

## PINCHED ECONOMY POSING POLITICAL PROBLEMS FOR WILLOCH

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jun 82 p 4

[Article by Trygve Monsen]

[Text] Oslo--"Danish conditions," with frequent crisis compromises and weak minority governments could characterize Norwegian politics too when the members of parliament meet again in October after living through the first session of Storting with a Conservative government since 1928. In spite of the fact that the Conservative government under the leadership of Prime Minister Kare Willoch has been active and energetic, it is threatened today by internal dissolution in the ranks of the nonsocialist majority among the 155 popular representatives.

Willoch received the first warning as to what might happen in the fall when the government recently managed to squeeze one of its controversial savings bills through. When Storting had to take a final stand on the bill which called for not investing 1.5 billion Norwegian kroner in a new aluminum plant in the small Vestland community of Tyssedal, several representatives of the government support party, the Christian People's Party, defected from the nonsocialist camp and voted with the Labor Party.

Even though things worked out for Willoch that time, everyone knows there will be fierce clashes when the politicians meet again in October to discuss the first Conservative budget with Finance Minister Rolf Presthus' signature.

The savings measures the 1983 budget is certain to contain in order to reduce public spending can be enough to overthrow the Conservative government. The Storting session that has now ended was a hard test for the middle parties, the Christian People's Party and the Center Party. These two parties have given clear signals that they cannot approve more tax relief in addition to the measures needed to keep step with price increases. This in turn indicates that they are on a collision course with the Conservatives, who in spite of everything will attempt to make a drastic change in the tax system and have promised the voters lower taxes.

Although there is a clear nonsocialist majority (81-69) in Storting, the same thing could happen as in 1971 when the Labor Party with its 68

representatives had to take over the reins of government because the four-party government of that time under the leadership of Per Borten split over the EC question. The memories from that time have not been forgotten but people have also learned that it does no good to rule together if there is fundamental disagreement.

Thus the Labor Party, which has had a hard time learning to play the role of opposition party, could be thrown into a government position without really wanting it. The party also has internal problems, even though the tendencies toward splitting are less clear than they were before. Party chairman Gro Harlem Brundtland has had to recognize, however, that there is a large group in the party that wants a more active arms reduction policy, a group that voted against the funds needed to deploy new NATO missiles. But a Labor Party government would not survive long if the non-socialist politicians agreed in the end to sweep the problems under the rug and formed a broad nonsocialist government with representatives from the Conservative, Center and Christian People's parties. The leaders of these parties know that the voters want this kind of solution after the nonsocialist election victory in 1981.

In any case, bleak economic realities await the Norwegian politicians when they gather at Lovebakken. Oil revenues will be 110 billion Norwegian kroner lower than anticipated up to 1985. The competitiveness of Norwegian industry is being weakened drastically with the development we are in now and even though unemployment in Norway is at a record low, 1.9 percent, this is a high figure for Norwegian politicians.

But the Conservative government also has something to show for itself. The spring union wage negotiations, which everyone had feared would end in strikes and chaos, went through without too many strikes. The people have also adjusted to a government that has not experienced any "Gallup slide" because of its policies. The Conservatives seem to have stabilized with voter support of around 30 percent, a little lower than the election results.

During the summer, tranquility will dominate the political climate in Norway. But as the familiar budget leaks turn up in the press in August and September, everyday problems will make themselves felt again. When the national budget for 1983 is debated, we will know if the loosely constructed nonsocialist cooperation in Storting will hold.

6578

CSO: 3106/134

## POLL INDICATES STABILITY IN VOTER PREFERENCE FOR PARTIES

Stockholm DAGENS NYHETER in Swedish 4 Jul 82 p 5

[Article by Sven Svensson]

[Text] The Environment Party continues to enjoy strong voter support in the polls. This was indicated by the DAGENS NYHETER--IMU (Institute for Market Research) poll for May and June, completed 3 months before the fall elections. All changes lie within the statistical margin of error. The Environment Party dropped from 7 to 6 percent and the Conservative Party dropped by 1.5 percent to 22 percent, while both the Social Democrats and the Center Party remained at the same level as in the preceding month. For the second consecutive time VPK (Left Party Communists) received less than the 4 percent necessary for representation in parliament.

The survey was made between 17 May and 14 June and included 912 voters. The results in percent were: Conservative Party 22 (-1.5), Liberal Party 7 (+0.5), Center Party 12 (unchanged), KDS (Christian Democratic Party) 2 (+0.5), Social Democrats 45.5 (unchanged), VPK 3.5 (+0.5), Environment Party 6 (-1), and other parties 2 (+1). Those not indicating support for any party totaled 4 percent (+0.5).

In the April-May survey the Environment Party recorded a statistically significant rise from 4 to 7 percent. The new survey confirmed that the rise was not temporary. The 1-percent decrease was too small to be considered significant.

The detailed breakdown of Environment Party supporters showed that one third (32 percent) are members of SACO/SR (Swedish Confederation of Professional Employees-National and Local Civil Servants Union) and that one out of ten supporters live in one of the three metropolitan areas.

The detailed figures for the Conservative Party indicate that just under one third of its supporters (29 percent) live in the three metropolitan areas and that almost one third of the Conservative Party voters are members of TCO (Central Organization of Salaried Employees) (30 percent).

Among Social Democratic supporters, 65 percent are LO (Federation of Trade

Unions) members and 39 percent are TCO members. The Social Democrats are strongest in the medium-sized cities where over half the voters (52 percent) support them.

#### Gap Widens

Normally, the curves for the two blocs converge as election day approaches. The May-June survey, however, indicated a slight widening in the gap. The two socialist parties together received 49 percent, compared to 48.5 percent in the previous survey, and the three nonsocialist parties dropped from a combined figure of 42 percent to 41 percent.

If the support for the Environment Party is added to that of the nonsocialist parties, the total becomes 49 to 47 percent in favor of the socialist bloc. A slight shift could insure that the Environment Party would hold the balance in electing a new prime minister.

The 6 percent received by the Environment Party cannot be seen as an election result. According to all indications, the Environment Party will face a tough battle for the votes of those who have indicated support for the party. For this reason, the Center Party has the greatest opportunity for increasing its election results. Surveys show that almost half the supporters of the Environment Party previously voted for the Center Party, while many others voted for the Liberal Party.

#### Broken Trend

The long-range trends in the DAGENS NYHETER-IMU polls for the entire election period are clear. The Social Democrats and the Conservative Party have stabilized at levels above the 1979 election results. All other parties in parliament are below their 1979 levels.

The government crisis in mid-May 1981, when the Conservative Party resigned from the government following the tax settlement with the Social Democrats, led to a break in the earlier trend.

The rupture of the three-party nonsocialist government resulted in an upswing for the Social Democrats and a decline in support for the Center Party and the Liberal Party, without a corresponding rise in support for the Conservative Party. The Conservative Party's harsh criticism of the other two nonsocialist parties, especially the Liberal Party, favored only the Social Democrats.

#### Starting Point

Thus, at the starting point of the final phase of the campaign, the Social Democrats who received 43.2 percent in the 1979 election and reached a high point of 52.5 percent in September 1981 now have stabilized at 45 to 46 percent.

The Conservative Party received 20.3 percent of the votes in the 1979 election and, apart from slight variations up and down, have been at a stable 22 to

23 percent level during the entire period.

In the last election the Center Party received 18.1 percent of the vote and the long-range trend clearly has been downward. Since the panic over taxes and tax deductions for homeowners subsided in early October 1981, support for the Center Party has stabilized at 11 to 12 percent.

#### Difficult to Interpret

The Liberal Party, which received 10.6 percent of the votes in 1979, has shown a general downward trend, although support for the Liberal Party is difficult to interpret. As a result of Conservative Party criticism of the tax agreement, the Liberal Party recorded a record low of 4.5 percent in November 1981.

Later figures indicate a certain stabilization at about 7 to 8 percent. Another consideration is that Liberal Party voters always make their final decision later than other voters.

VPK received 5.6 percent in the elections and they also have lost support. For two consecutive months they have been below the 4-percent level necessary for representation in parliament.

There is some doubt concerning the fate of VPK, however. The May-June survey showed 0.3 percent and 0.5 percent support for the other two leftist socialist parties, SKP (Swedish Communist Party) and APK (Communist Workers' Party).

#### Procedure for IMU Poll

The voters have 10 different ballots to choose from in IMU polls for studying party support. Pollsters visit the voters in their homes and, in order to simulate an election situation, the ballots are placed into ballot envelopes.

The survey includes Swedish citizens from 18 to 74 years of age. Thus, about 0.5 million voters who are older than 74 are not included in the survey. The poll also ignores party support among qualified Swedish voters living abroad.

The question reads:

Which party do you believe is the best?

In addition to the five parties presently represented in parliament--the Conservative Party, the Center Party, the Liberal Party, the Social Democratic Party, and the Left Party Communists--ballots are available for the Christian Democratic Party (KDS), the Environment Party, the Swedish Communist Party (SKP), the Communist Workers' Party (APK), and a ballot marked "other party" with a blank space for the voter to write in the appropriate party name.

The results are presented individually for the parliamentary parties, the Environment Party, and KDS, while the remaining small parties are grouped together.



## Equal Conditions

Thus, the Environment Party and KDS compete for voter support in IMU surveys under precisely the same conditions. The only difference is that KDS has been included for some time, while the Environment Party appeared only last year.

The Environment Party has had its own ballots in IMU surveys since the poll in September 1981 when it became clear that the party would run in the 1982 election. The Environment Party, which has been included in seven surveys, received 1.5 percent in the first poll, 4 percent in the following four polls, then 7 percent, and now 6 percent of the voter support.

The voter poll indicates which party voters believe is best, not the expected election results. An election prediction requires an estimation of how probable it is that hesitant voters actually will change parties.

Surveys by the Foundation for Opinion Analysis indicate that only a small fraction of the Environment Party's supporters are certain they will vote for the Environment Party. In part, support for the Environment Party could be a form of protest against the parties already in parliament.

An important influence on the election results will be whether or not voters believe the Environment Party will receive the 4 percent necessary for representation in parliament. Only firmly convinced voters vote for a party that is not considered to have a chance of entering parliament.

In a voter survey, ballots for the small parties are readily available to the voters. In an election, the small parties must pay for their own ballots and distribute them to their supporters. This is true for both absentee votes and votes cast on election Sunday. These regulations give the established parties in parliament a clear advantage over the small parties.

### Poll Period 1982

	No. 17 15 Mar- 7 Apr	No. 18 19 Apr 12 May	No. 19 17 May 14 Jun
Number of qualified voters interviewed with the following party preferences indicated (= base figure for percentages):	881	900	912
% indicating as "best party":			
Conservative Party	22.5	23.5	22.0
Liberal Party	7.5	6.5	7.0
Center Party	11.5	12.0	12.0
Christian Democratic Party	1.5	1.5	2.0
Social Democratic Party	47.0	45.5	45.5
Left Party Communists	4.0	3.0	3.5
Environment Party	4.0	7.0	6.0
Other parties	2.0	1.0	2.0
	100.0	100.0	100.0

Percentage of qualified voters who could  
or would not indicate "best party" 4.5

3.5

4.0

So far, 19 voter polls have been conducted. The changes between the most recent and the second most recent polls in all cases, including the 1.5 percent drop by the Conservative Party, are within the margin of error. The 6.0 percent recorded by the Environment Party confirms the party's rise from the previous stable level of 4 percent, as observed in the previous survey when the party received 7.0 percent.

The survey was made with a controlled sample of Swedish citizens from all parts of the country between the ages of 18 and 74 years. The interviews were conducted during visits to the homes of the voters. The following question was asked: "Which party do you think is best?" An election situation was simulated--party preferences were expressed using "ballots" and "ballot envelopes."

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	IMU and SIFO Figures for the Election Year										
	3/1	14/2	7/3	14/3	11/4	25/4	9/5	30/5	30/5	20/6	4/7
	SIFO	SIFO	IMU	SIFO	SIFO	IMU	SIFO	IMU	SIFO	SIFO	IMU
Conservative Party	28	28	23.5	28	25	22.5	25.5	23.5	25.5	25.5	22
Liberal Party	6	7	5	7.5	7.5	7.5	7	6.5	8	8.5	7
Center Party	11	11	12.5	9	10.5	11.5	10.5	12	10.5	11.5	12
Social Democrats	47	46.5	48	47.5	49.5	47	48.5	45.5	46	47	45.5
VPK	4.5	4	4.5	4.5	3.5	4	4	3	5	3	3.5
Other parties	3.5	3.5	1	3.5	4	2	4.5	1	5	4.5	2
KDS	-	-	1.5	-	-	1.5	-	1.5	-	-	2
Environment Party	-	-	4	-	-	4	-	7	-	-	6

This table compares the results of the two opinion institutes IMU and SIFO (Swedish Institute for Public Opinion Polls) for the election year 1982.

The figures clearly show two differences. SIFO consistently shows higher figures than IMU for the Conservative Party. In addition, IMU has higher figures than SIFO for the small parties.

This has to do with the methods used, in which IMU unlike SIFO has ballots for all parties running in the election.

There seems to be a clear connection between these two differences in the results of the surveys. The Conservative Party received higher figures in SIFO because the small parties received lower figures.

Otherwise, the trends and results are in close agreement.

The dates indicated are the dates of publication.

## CHRISTIAN PARTY LEADER: MAKE SMOKERS, DRINKERS PAY HEALTH BILL

Stockholm DAGENS NYHETER in Swedish 4 Jul 82 p 5

[Article by Kjell Lofberg]

[Text] "We must introduce a new health care system in this country. Health insurance must be individualized and cover the cost of health care. Those who choose to drink spirits and use tobacco must pay themselves for the resulting health care requirements, since they themselves have caused the sickness."

This was said by Olov Lindahl, professor at the Linkoping regional hospital and advisor to Health Support and other organizations. He is one of the new, so-called "familiar faces" who has joined KDS (Christian Democratic Party) for the election campaign. Olov Lindahl previously was prominent in the now-defunct Environment and Health Party.

"A political party should stand up for health above all else. Over two thirds of all health care needs result from alcohol, tobacco, and narcotics."

"Illness is related to pollution of the environment and a careless lifestyle. Treatment has concentrated on the body rather than on the soul. For this reason, the school and family policies must be changed. Children must be taught in a different spirit and we must require more discipline."

"We cannot reach the point where no alcohol is used in Sweden, but we can eliminate some alcohol use."

"First of all, politicians must set a good example. Today, for example, we have a prime minister and a health minister who are heavy smokers."

## Hard Attack

"KDS wants a new policy for the good of the country, not for the good of the politicians as we have today."

At the KDS national congress Olov Lindahl, fourth on the KDS national election list, attacked the health care, the politicians, and the lifestyle of today.

During the 3-day congress, KDS drew up guidelines for the election campaign. The Christian message has been toned down almost completely. Instead, KDS wants to appear as an "environment party" and as the only party in the country saying "no to nuclear power."

KDS is flirting with the voters by taking popular stands as indicated in the polls, such as "no to wage-earner funds" and by opposing the government's introduction of 3 days without pay before qualifying for sick benefits.

"A return to 3 qualifying days would cost more than we would save by the reform."

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CSO: 3109/196

## ENVIRONMENT PARTY CONFERENCE DECIDES ON SOME PROGRAM PLANKS

Stockholm DAGENS NYHETER in Swedish 4 Jul 82 p 6

[Article by Kerstin Kall]

[Text] Falun, Saturday--Among the active members of the Environment Party are many eloquent speakers who love to debate. Because of this, most of the major issues that were to be decided on Saturday at the Lindsberg Adult Education School had to be postponed for discussion on Sunday.

The question of what type of government the Environment Party would support after the election was tabled to Sunday and the economic policy program suffered the same fate after many amendments were proposed.

There even was talk of postponing discussion until the next meeting of the 28-member executive council, but this possibility was protested.

"The Environment Party must have a plan of action for the environment," Per Gahrton said. "It would be peculiar if we left Lindsberg with no environmental policy."

Staffan Johansson, economist, said it was important for everyone to feel they supported the economic policy of the party in the campaign.

"But I still believe this policy must be decided this weekend. Otherwise, we will leave with empty hands."

#### Traffic Policy

The traffic policy was accepted on Saturday.

It states that pedestrian and bicycle traffic should be considered the most important means of conveyance within all populated areas.

The need for transportation shall be reduced in all respects. This can be accomplished by granting relocation subsidies to all households and companies who wish to move closer to each other. Local production eliminates unnecessary transports. Bread baked in Stockholm and sent to Lulea was one example.

Railroads and collective transportation should be expanded. The age of highway construction should end.

#### Basic Features

The basic features of the party's economic program are clear. The party seeks reductions in certain areas (military industry, private automobiles) and increases in others (collective traffic, civilian production).

Vava Sjodin who presented the program believed that the workers at Volvo would go along with alternative production if they could be shown the overall picture.

Imports should be reduced not by tariffs, but by other types of trade limitations, such as tax on imports from free zones.

The party will not demand that Sweden tear up the free-trade agreement with GATT (General Agreement on Tariffs and Trade). In the future, however, Sweden should approach such international trade agreements with great caution, Vava Sjodin told DAGENS NYHETER.

#### No Prohibitions

The party will introduce no prohibitions. People themselves must realize that they should give up luxury and unnecessary goods such as synthetic clothes, sweets, and snacks.

The demand for decentralization and diversity also applies to trade unions. The party wants more local self-determination and better opportunities for organizations such as the syndicalists.

"All economic systems are based on a belief in how humans behave," said Staffan Johansson, who teaches economics. Marx had one belief, John Stuart Mill had another. I believe we should not be afraid of writing a document based on our beliefs."

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## PAPER FAULTS ENVIRONMENT PARTY: UNCERTAIN ON RIKSDAG BLOC

Stockholm DAGENS NYHETER in Swedish 5 Jul 82 p 2

[Editorial by AL]

[Text] The Environment Party refuses to say which political bloc--and which prime minister candidate--it will support if it gains representation in parliament this fall.

A wise decision.

At regular intervals, both the Social Democratic and nonsocialist party leaders reject bloc politics and call for more open cooperation. Still there is no cooperation, which the party leaders just as regularly blame on the "confrontation policies" of the other side.

A majority of the voters also want to see the end of bloc politics and a beginning of cooperation between the leftist and the middle parties.

Thus, bloc politics seem to be a trap in which the parties in parliament are caught, although both they and their voters would rather escape.

It would be peculiar, then, if the Environment Party--which came into existence because many people believed that both political blocs ignored important issues concerning the environment, the future, and the survival of humanity--should enter its first election campaign by reinforcing bloc politics!

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CSO: 3109/196

## EREL EXAMINES MEANING OF 'ATATURKIST LIBERAL'

Istanbul MILLIYET in Turkish 12 Jun 82 p 8

[Editorial by Teoman Erel: "Really Liberal?"]

[Text] Today we will examine the emergence and growth of the Ataturkist Liberal group and efforts to close down unions of professional chambers in a common pursuit of an answer to the question:

"Are all the Ataturkist liberals really liberal?"

In an attempt to grant legitimacy to the birth of the AL [Ataturkist Liberal] group it was recently argued that:

"First a social democratic group was formed and made its presence felt in the discussions and votes concerning such bills as the capital punishment bill and the land and agricultural reform bill. Consequently, the Ataturkist Liberal group came into being as a reaction to the former." (Mukbil Ozyoruk, TERCUMAN, 10 Jun 82).

Did the issue really develop along those lines?

In last year's elections to the presidential board of the Advisory Assembly and to the commissions, election to the Constitutional Council played a particularly important role. Some behind-the-scenes political games were at work at this time. Four members were elected from a list distributed to the members' cabinets. Newspapers reported that the list was distributed by Mehmet Pamak and Pamak did not deny the reports. As is known, Mehmet Pamak is a respectable member who the Ataturkist Liberals consider "one of them" but one who claims he has not taken part in the secret meetings due to his membership in the presidential board. However, in an interview he gave to a magazine about himself, Pamak did not deny his MHP [Nationalist Action Party] leaning.

This respectable member is entitled to his inclinations. But all we wish to know is:

"Can Pamak be considered liberal?"



The budding of the AL group in the council and commission elections sparked reactions. Ertugrul Alatli took the floor and said:

"Political party leaders and staff, please, please keep your hands off the Advisory Assembly."

For some reason, the reaction to Alatli came from the opposite direction, from Ecevit. The head of the abolished RPP [Republican People's Party] brought an injury suit against him. Alatli's reaction was:

"For heaven's sake, I had meant another leader."

Those criticized by Alatli read the implication. They labeled Alatli, who had joined the liberalistic NTP [New Turkey Party] after 27 May, an "extremist."

Now let us turn to the test of liberalism.

In general terms, liberal means advocating the greatest possible freedom in economics and politics. It is known that an addendum was added to the law that was passed, through great efforts of the AL group, by the Advisory Assembly which authorizes the government to reorganize the state mechanism by regulations. This addendum grants the government the right to reorganize by regulation such professional associations as the Union of Turkish Chambers of Commerce and Industry, Turkish Union of Chambers of Architects and Engineers and the Bar Association that were established by law, although the government itself does not wish to exercise such authority. The proposal was presented to the commission by the former JP [Justice Party] Icel Representative Ibrahim Goktepe, one of the active members of the Ataturkist Liberal group.

And Mr Turgut Ozal raised no objections to the addendum. Ozal made a truly liberalist statement in Istanbul the other day. He said:

"We can proudly claim that, unlike some Latin American and Far Eastern countries, we do not silence the opponents of our economic policies by force."

If he is really sincere and has made no attempts whatsoever to silence his opponents, we hail his words.

However, one subject needs clarification. Did Ozal say, "I will do everything in my power concerning the issue," in response to a talk requesting the closure of the TMMOB [Turkish Union of Chambers of Architects and Engineers] at a meeting held at the Kayseri Chamber of Commerce, before Ibrahim Goktepe's presentation of his proposal to the council, on 10 January 1982?

The incident is documented. In a letter to a writer, committed to a struggle in the direction of his own, rightist engineer Kamil Kundakcioglu, who in his talk had proposed the closure of the TMMOB, reported the incident as it happened and recounted Ozal's reply. (Ergun Goze, TERCUMAN, 28 Apr 82).

There is another special touch to the relationship of esteemed Turgut Ozal, particularly with the TMMOB. A member of the Chamber of Electrical Engineers, Ozal has not paid his membership dues for years and owes the chamber thousands of liras.

Now, what we are wondering about is if Ozal is a sincere liberal, will he exercise authority with respect to an organization he has been at odds with for years, if the MGK [National Security Council] passes the bill as it is.

Or will he consider situations that might be a cause for a "rejection of the judge" and opt for non-involvement in the matter? We shall observe what transpires.

We shall also see how true liberals such as Dr Aydemir Askin and others with different leanings such as Mehmet Pamak and Ibrahim Goktepe can come to a complete agreement?

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CSO: 4654/356

## TURKEY TO ADOPT MORE ACTIVE DISARMAMENT ROLE

Istanbul CUMHURIYET in Turkish 7 Jun 82 pp 11, 14

[Text] Ankara (CUMHURIYET office)--Turkey will assume a more active part in the second special session of the Disarmament Committee of the UN General Assembly which convenes today. Turkey's membership in the Disarmament Committee is a possibility in the case of an increase in the number of member nations.

Sources report that the two main subjects on the agenda of the special disarmament session are the review of the implementation of resolutions in the report issued at the close of the first special session in 1978 and the exploration of possibilities that will further disarmament efforts.

It is expected that two reports will be issued at the close of the special session that will meet until the second half of July. The first report covers the question of priorities in disarmament efforts. The "Large-Scale Disarmament Program" has as yet not been drafted due to differences in opinion between the independents and the NATO and Warsaw Pact members. One of the major projects of the second special session is the gradual elimination of these conflicts in opinion culminating in the production of a text based on a consensus among the 100 member nations.

The second report of the session is the "Final Disarmament Document." This document regulates, within a broader framework, the important principles of disarmament and the rules by which nations must abide.

Along with Norway and Tunisia, Turkey was one of the nations that led efforts in strengthening the disarmament mechanism of the United Nations. The reinforcement of this mechanism necessitates a review of the status and composition of the Disarmament Committee as a first step. In view of this development, an increase in the membership number of the 40-member Disarmament Committee emerges as an option. If the review of status and the increase of members are adopted as principles, then Turkey will apply to the committee for membership.

However, the meeting of the session at a time when East-West relations are gradually strained and detente efforts are shelved, rises as the main obstacle on the path of new efforts directed toward disarmament. In fact, under the

circumstances it is even feasible not to pass any resolutions. Therefore, there are already serious complications involving the reevaluation of the committee status. Furthermore, neither the United States nor the Soviet Union seems to favor an increase in the member numbers of the Disarmament Committee.

The official view from Ankara on the eve of the special session is summarized as follows:

"In order for disarmament efforts to succeed, it is necessary that the international climate be congenial. However, in recent years there have been serious violations of the fundamental principles governing international relations. The crisis prevailing on the international front poses a serious obstacle for disarmament efforts.

"The world economy is also experiencing serious difficulties. The allocation of resources marked for disarmament purposes for the resolution of economic problems will undoubtedly play a positive role in overcoming these difficulties.

"Until the long-term objective of complete and general disarmament is realized, it is necessary to maintain the strategic balance which has been instrumental in preserving the world peace to this day. While continuing discussions on arms control, it is also necessary to maintain the strategic balance at a minimum level until this final objective is realized."

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## SIZE OF REDUCTIONS IN 1982 DEFENSE BUDGET QUESTIONED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Jul 82 p 3

[Text] Bonn, 7 Jul--On Wednesday the cabinet decided that the defense budget will grow next year by DM 1.78 billion, from DM 44.3 to DM 46.08 billion. This is an increase of 4.1 percent and is slightly more than the DM 46.03 billion provided for in the medium-term financial plans. With this increase, to which, as in all other departments, must be added the money required to pay for wage and salary increases to strengthen the staff, the growth of the defense budget will probably be substantially less than the expected rate of price increases in the area of defense for the coming year, which amounts to a real decline in funds available for defense.

It is now certain that the outfitting of the Bundeswehr cannot be continued even within the sharply reduced limits occasioned by the reductions in recent years, as has been decided by the government and the parliament. In response, Minister of Finance Lahnstein said that in the consultations with Minister of Defense Apel he had tried to maintain the functional capability of the Bundeswehr in the year ahead. With a nominal growth in the defense budget of only 4.1 percent, this had only been possible through substantial cuts in acquisition and development. It had been necessary to delay or cut important plans for acquisition and development. Lahnstein was not prepared either to identify the affected plans or to state the total amount that will be saved by these cuts.

Although the government has not yet revealed any details, serious repercussions can be anticipated. How deeply the necessary cuts affect the core of the Bundeswehr could be deduced recently from the internal report of the long-term commission of the Ministry of Defense. In January of this year the report had already indicated that if the defense budget for 1981, after adjustment for inflation--that is, calculating in the rates of the price increases affecting the Ministry of Defense--was continued, then it would be necessary to "close down the operation of the Bundeswehr in broad areas in the years 1983-84 and/or reduce the peace-time size of the Bundeswehr for 1983 and/or make substantial cuts in contractually binding acquisition plans, which parliament knew of and approved, particularly in the years 1983-84, and/or discontinue the investments needed for deployment for the periphery [equipment and machinery for major weapon systems, such as radar and fire control; editorial note] and munitions." This assumption, which was proposed as a "worst possible case," is now being exceeded by the budget decision of the government, since neither the defense budget for this year, with a nominal increase of 5.2 percent, will completely cover the inflation rate of the Ministry of Defense, nor can this possibly be the case next year. Consequently an even more noticeable effect from the shortage of money can be anticipated than was described in the internal report of the long-term commission of January this year.

In Bundeswehr circles and among security politicians there is particular concern about the effects of a reduction in the German defense capability, which can not be hidden any longer, on the alliance and on the behavior of the allies, some of whom are experiencing considerable financial difficulties with the maintenance of their troops stationed in the FRG.

This is particularly true for the British, whose army on the Rhine has been the object of economy deliberations this year as in years past. Internally it is also clear in the Ministry of Defense that the inadequate financing of the Bundeswehr, which is now emerging in its alarming consequences, is not the result of an explosive increase in the cost of new weapon systems to replace out-of-date equipment, but the effect of a long-lasting radical shift in the government's financial priorities, to the detriment of national defense. The planning staff of the Ministry of Defense indicated in a study which it sent to the Minister of Defense in October 1980--a good 1 and 1/2 years ago--that the defense budget's share of the total national budget shrank by one-third during the last 20 years. In 1961 it was still 27.1 percent, in 1979 it was only 18.2 percent.

#### Against Further Cuts in the Bundeswehr's Plans

How important the swinging share of the defense budget is in the federal budget is shown by the fact that the Bundeswehr would not have had DM 46 billion at its disposal next year, but more than DM 60 billion--if its budget had been able to maintain its share in the overall budget at about 25 percent. The Bundeswehr's financial plight, brought about by the permanent decline in its share of the total budget, has resulted in repeated cuts since 1978, particularly in the area of acquisitions and development, and also to serious deficiencies in manpower and in the infrastructure. The planning staff's report pointed out to the Minister of Defense, among other things, that the FRG was no longer financially able to fulfil its obligations to NATO, let alone accept new, foreseeable demands. The gap between German NATO obligations and the Ministry's financially secured plans were estimated in the report at DM 10 billion in 1980. An additional sum of about DM 17 billion was cited there as a financial requirement for the national infrastructure of the Bundeswehr. In addition it was pointed out that the medium-term armament plans of the Bundeswehr had been cut or reduced in 1978 and 1979 by a total of DM 12 billion. In 1980 there was still a financial shortfall of another DM 5 billion in armaments, for which a total of DM 17 billion was now missing. This caused the inspector general to inform the Minister of Defense in May 1980 "that it is no longer possible to implement a suitable, feasible and acceptable plan within the given financial framework."

Nevertheless, additional reductions of up to DM 1.3 billion were approved in March 1981 at the closed session on armaments. At the time Apel had also said that in the years 1982 through 1984 there would be an "urgent additional requirement" of DM 1 billion above the financial plan. It has not been met in 1982 and it will not be met next year. This is the origin of the need to make cuts in the remaining left-over acquisition plans.

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END